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Assad Hits Back at Western Critics

AP

Hafez al-Assad

By Jim Hoagland and Jonathan C. Randal
Washington Post Service

DAMASCUS — President Hafez al-Assad lashed back Friday at Western governments that have accused Syria of supporting terrorism and vowed that he would not be intimidated by what he described as "threats" from the Reagan administration.

Adopting an unyielding tone during a lengthy interview here, the Syrian leader suggested that "the verbal bombs" directed by President Ronald Reagan at Syria and the U.S. bombing of Libya last month have frozen U.S.-Arab cooperation on a wide range of issues, including Syrian efforts to free Americans taken hostage in Lebanon.

ON PAGE 4

- The message from Mr. Assad: He will not buckle under.
- The interview represented one of Mr. Assad's rare meetings with the Western press.

The raid on Libya "won a lot of hatred" for the United States in Arab nations and across the Third World, said Mr. Assad, who is an ally of the Libyan leader, Colonel Moamer Qadhafi.

"In every way, President Qadhafi is the winner and the United States is the big loser," he said.

Mr. Assad disclosed in the interview that his government, which has an estimated 30,000 to 40,000 troops in Lebanon, had made "serious efforts" to win the freedom of the Americans, believed to number four, being held by Islamic extremists.

"The U.S. administration knows that we previously expended much effort on this matter," he added.

"But no one can do anything when the U.S. administration is carrying the hammer of war. . . . It is very difficult to handle the question of the hostages in isolation from the U.S. political stands."

Speaking in Arabic, with his remarks translated into English by his interpreter, the Syrian leader made these other key assertions:

- Neither Syria nor Israel has undertaken any unusual troop movements on the ground in recent days despite reports of growing tensions. The tensions now seem to be lessening, Mr. Assad said.
- No terrorist actions abroad will be allowed from Syrian territory. But Mr. Assad indicated he would not move to restrict the "cultural and political" activities here of the Abu Nidal Palestinian group, which American officials have identified as a major source of terrorist attacks against Americans and West Europeans.
- Syria will not involve itself any deeper in the "quagmire" of Lebanon and will not seek to impose the tripartite power-sharing agreement it got Christian, Shiite Moslem and Druze leaders to sign late last year. The accord has been blocked by resistance from the Lebanese president, Amin Gemayel, and, according to Mr. Assad, from the United States.
- Relations with Iran are good. But Mr. Assad hinted at possible strains by noting that he had sent his foreign minister to Tehran this month to reemphasize Syria's concern about the Iran-Iraq war spreading to other countries in the Gulf. Iran's occupation of Iraqi territory around the old oil-exporting port of Faw in a continuing offensive has embarrassed Syria, Iran's only important Arab ally.

The embarrassment stems from Mr. Assad's claim to be the principal spokesman for the liberation of Arab land now claimed or occupied by Israel. The occupation of Iraqi territory by non-Arab Iran undercuts Mr. Assad's position.

Mr. Assad, 55, who has ruled Syria with an iron grip since seizing power in a military coup in 1970, has become the center of an inter-

See ASSAD, Page 4

Laurent Rebours/The Associated Press

ATTACK ON INTERPOL — Firefighters picked through rubble at the Interpol headquarters near Paris after a bombing and machine-gun attack wounded a policeman. Page 5.

Taiwan Talks to China

But Negotiations On Cargo Plane Are Deadlocked

By Daniel Southerland
Washington Post Service

HONG KONG — Talks between officials of the airlines of China and Taiwan, the first meeting between representatives of the two since the Communist takeover of the mainland in 1949, appeared to reach a deadlock Sunday after two days of discussions.

The key obstacle in the talks, involving the return to Taiwan of two crew members and a cargo plane diverted to China two weeks ago, was the question of where to deliver the jumbo jet.

Representatives from Taiwan's China Air Lines said Sunday that they rejected for a second time a proposal from the Communist side that the airline send a delegation to the southern Chinese city of Guangzhou to recover the Boeing 747 and two crew members.

The airline representatives said they rejected the proposal because they feared for their safety should the transfer of the plane take place in Guangzhou.

Independent analysts said, however, that the real reason for the rejection was likely to be a fear of showing weakness and caving in to Beijing's demand concerning the site for delivery of the plane. Another reason for the rejection may have been Taiwan's concern that the Communists are trying to drag out the whole process and move the discussion into political issues.

The only thing that the two sides could apparently agree on Sunday was to hold a third meeting on Monday.

China is trying to use the negotiations between the airlines to promote broader contacts between the two sides.

Taiwan had earlier rejected the idea of negotiating directly with the Communists, but, in a major departure from previous policy, it reversed itself last week.

China Air Lines is nominally a private airline, but is widely considered to be government-controlled.

The plane was diverted May 3 by its pilot, Wang Xijue, to the mainland from its route from Bangkok to Taipei, via Hong Kong. The pilot has said he wants to remain in China where he has relatives, but the other two crew members want to return to Taiwan.

Saturday's meeting lasted 80 minutes and Sunday's went on for an hour and a half. In the meetings, three representatives from China's national airline, the Civil Aviation Administration of China, sat across the table from three representatives of the Taiwan-based airline.

Li Zhenyang, a China Air Lines official, said after the second day of talks, "There was absolutely no progress."

Xinhua, China's official press

See CHINA, Page 5

Jewish Group's Attacks on Waldheim Stir Anti-Semitism, Wiesenthal Says

By James M. Markham
New York Times Service

BONN — Simon Wiesenthal, e Austrian hunter of Nazi war iminals, accused the World Jew- Congress on Friday of stirring ti-Semitic sentiment in his coun- y through its campaign against urt Waldheim, the former United ations secretary-general and candate for the Austrian presidency. Mr. Wiesenthal singled out Isra- Singer, the secretary-general of e World Jewish Congress. He acsed Mr. Singer of having made hreats" against Austrians if they ted for Mr. Waldheim.

Mr. Waldheim won 49.6 percent the vote May 4 and is favored to n a runoff election June 8.

In a telephone interview from enna, Mr. Wiesenthal said that the basis of documents that have en unearthed by the World Jew- Congress and others, he beved that Mr. Waldheim was "an portunist" but not a war crimi-

He said Mr. Waldheim had cerly dissembled about what he ew during his wartime service in e Balkans.

Mr. Wiesenthal said that he was miliar with the Jewish Congress's dence against Mr. Waldheim, alough he had not had direct access the various documents about r. Waldheim's wartime service. He said he believed the allegations against Mr. Waldheim were "serious."

"I don't support him, I don't believe him," said Mr. Wiesenthal. "I have told that to him directly, and I will not defend him."

But Mr. Wiesenthal said Mr. Singer and the executive director of the World Jewish Congress, Elan Steinberg, had undone years of patient work for reconciling young Austrians and Jews by aggressively mixing in Austria's internal politics.

Mr. Wiesenthal referred specifically to an interview the two officials of the international organization gave to the Austrian magazine Profil in March. In the article, they warned Austrians against voting for Mr. Waldheim.

Mr. Singer said in the magazine interview: "It should be clear to the Austrian population that, should Waldheim be elected, the next years will be no sweet time for the Austrians. Bitburg was bad enough, but it lasted only one day. The action against Waldheim will last six years long."

Mr. Singer was referring to efforts last year by U.S. Jews and others to prevent President Ronald Reagan from visiting the West German military cemetery at Bitburg, where troopers from the Nazi SS are buried.

WP

Simon Wiesenthal

In the Profil interview, Mr. Steinberg said: "Do you think we'll pull back from Waldheim after the election? It will go on. In the whole world it will be said that a former Nazi and a liar is the representative of Austria. Everybody with an Austrian passport will have this cloud of uncertainty travel with him."

Reached by telephone in New York, Mr. Singer did not dispute the remarks attributed to him and to Mr. Steinberg by Profil. But he

See WALDHEIM, Page 5

Ferry Ports Alerted to Terror Threat

By Steve Lohr
New York Times Service

LONDON — Police at ports on the English Channel have started a huge security and surveillance operation after learning of an alleged terrorist plot to blow up a passenger ferry as it makes the trip between Britain and the continent.

Police working with dogs and explosives-detection equipment have been sent to ferry and Hovercraft ports on Britain's southeastern coast in what a spokesman called a "substantial increase" in security measures that began Saturday.

"It's an all-ports activity," said Ken Tappenden, superintendent-*inspector at Kent County police* headquarters, where a control room has been set up to run the security operation.

Kent County includes four major channel ports, Dover, Folkstone, Ramsgate and Sheerness. They handle more than 300 daily crossings by ferries and Hovercraft.

The reported terrorist plot, thought to be engineered by Arab guerrillas in reprisal for the U.S. air strike on Libya last month, was detected by British police late Friday and passed to Belgium, France and the Netherlands by Interpol, the international police organization. Some of the planes involved in the U.S. attack flew from bases in Britain.

Security personnel in all four countries were selectively checking passengers and searching automobiles for explosives or weapons.

Belgian port authorities were reported Sunday to be on high alert, stopping passengers at Ostend and Zeebrugge.

In Paris, the Interior Ministry said that it was stepping up its security at France's seven channel ports.

In the Netherlands, police reported that a security alert was in force at the four Dutch ferry links with Britain.

An estimated 17 million people cross the English Channel annually. If a bomb were exploded on a passenger ferry, there could be many casualties. The larger ferries carry up to 1,300 people.

British police said that the tip about the bomb plan came from "several sources of information" but that no specific threat had been received.

Britain's Independent Radio

See FERRY, Page 5

Army Attacks Rebel City in Sri Lanka

Compiled by Our Staff From Dispatches

COLOMBO, Sri Lanka — roops advanced from three direcons Sunday in an effort to end a arlong siege of Jaffna, Sri Lan- 's fourth largest city.

A Defense Ministry statement id at least 17 Tamil separatist errillas and government troops d been killed since the operation arted Saturday.

Jaffna peninsula, at the northern of Sri Lanka, is the heartland of separatist movement.

Militants among the Tamils nt a separate nation stretching uth from Jaffna and along the stern coast to take in about onearter of the island nation.

The Tamils number 13 percent Sri Lanka's population of 15 llion people.

The government military operan was begun two weeks ago after paratists staged their heaviest atks ever on the capital.

Thirty-one people were killed d 200 were wounded in the mbing of an Air Lanka plane y 3 and the bombing of the ntral Telegraph Office on May

For the last year Jaffna, a city of 0,000 people, has been inaccessi- to government troops and nonmils.

Troops at Jaffna Fort in the cen- of the city have come under fire enever they tried to leave the se, which is the command post anti-guerrilla operations in the ion.

The government said that troops d moved out of the fort and also re advancing toward the city m Elephant Pass, about 30 miles kilometers) south of Jaffna, and m beaches along the coast and nds including Kayts, about 19 es away.

The Sinhalese-dominated govment claims the islands and iches have been used as landing nts by guerrillas coming from es in southern India's Tamil du state. India denies this.

The government offensive came r nearly 2,000 soldiers were nsported by road and ship to the insula to back up the four batons already there.

The army offensive coincided h a government order sending nil employees in key state-run itutions, including the Sir Lan- Broadcasting Corp., state-run io and television networks and Lanka, on paid leave.

(Reuters, UPI)

Reuters-UPI

A police officer marks evidence at the school where a couple held 150 children and some teachers hostage. The woman, whose body lies nearby, died when she detonated a bomb.

2 Killed as School Is Seized in U.S.

Couple Held 150 Children, Sought $300-Million Ransom

By Jim Woolf
Washington Post Service

COKEVILLE, Wyoming — A *former town marshal and his wife,* heavily armed with guns and gasoline bombs, held 150 elementary schoolchildren and their teachers hostage for $300 million in this small town before dying when she accidentally triggered a bomb and he shot himself.

Seventy-nine persons were burned in the explosion Friday afternoon. Injured children ran screaming from the school as smoke poured from the windows, but none was killed.

Frantic relatives crowded around the young victims as medical crews tried to treat burns and remove the wounded to hospitals.

On Sunday, two adults and 11 students remained hospitalized, two in critical condition, at the University of Utah Health Sciences Center in Salt Lake City. A teacher shot in the back was released from a hospital Saturday.

[The law-enforcement authorities in Cokeville said documents found in the possession of the couple, David and Doris Young, linked them to white supremacist groups and to Posse Comitatus, a rightist organization active in the Northwest, The New York Times reported.

[Posse Comitatus contends that the federal government is illegitimate and that common law entitles its members to establish and follow their own laws. The officials said the couple had embarked on their venture to foment a revolution and create a new white supremacist homeland.]

Marlene Hess and her daughter, BranDee, sat in a cafe Saturday morning trying to figure out why it had happened. BranDee, a fifth-grader at Cokeville Elementary School, was burned in the explosion.

The Youngs had herded 150 children into the room. They carried rifles and explosives, including milk bottles filled with gasoline, and issued demands seeking a $300-million ransom and a meeting with President Ronald Reagan.

After about two hours, officials said, Mr. Young handed the bomb's detonator to his wife and went into another room. Mrs. Young apparently dropped or mishandled the detonator, setting off the bomb.

In the chaos that followed, Mr. Young fired a shot that struck John Miller, a music teacher, in the back.

See SCHOOL, Page 5

Pakistan Downs Afghan Warplane Over Its Border, Damages Another

By James Rupert
Washington Post Service

QUETTA, Pakistan — Air force jets have shot down one of four Afghan warplanes that flew several miles into Pakistan, Pakistani officials said.

The incident Saturday marked the most serious aerial clash between the two countries since the Soviet Union intervened in Afghanistan in 1979 and began fighting Moslem guerrillas who receive help from the United States and Pakistan.

It was the first time that an Afghan jet was brought down inside Pakistan.

The incident underlined Pakistan's difficult position in supporting the Afghan guerrillas, or mujahidin. Many Pakistanis believe the policy heightens the danger of their becoming more directly embroiled in the conflict.

Pakistanis as well as Afghan refugees are often killed in Afghan attacks on Pakistani border villages.

Local officials in Pakistan's Kurram district along the border said that two American-built F-16 fighters shot down one jet, which crashed inside Pakistan, and damaged a second, which flew back into Afghanistan.

The four Afghan jets swept across the border shortly after dawn Saturday, the officials said, and flew over the rugged mountains of the Kurram administrative district, which juts into Afghanistan and serves as a staging area for the mujahidin.

A government communiqué issued in Islamabad did not specify how the planes were attacked, but the officials in Kurram said the two F-16s fired air-to-air missiles, hitting two of the Afghan planes.

The Kurram officials said in a telephone interview that the Afghan jet crashed near the town of Parachinar, almost 10 miles (16 kilometers) inside Pakistan, and that a parachute had been found in the area.

Pakistani troops launched a search for the pilot, but a government spokesman, M. Yunis Sethi, said no trace of him had been found.

Some reports from Kurram officials said the Afghan planes were Soviet-built MiG-21s, but Mr. Sethi said there was no confirmation of what type of plane was involved.

There was no account of the incident from Afghanistan.

The aerial combat Saturday came as Afghan and Pakistani diplomats in Geneva pursued the resumption of United Nations-sponsored talks on a political solution in Afghanistan. The two sides agreed Friday to extend the talks.

Pakistani military analysts have said that increased Afghan incursions along the border often coincide with the Geneva sessions and are aimed at increasing pressure for Pakistani concessions in the talks.

Soviet and Afghan government forces intensified their attacks last week on villages, guerrilla bases and supply trails between the Afghan town of Jaji and the Pakistani border with heavy bombing and shelling, according to Afghan guerrilla sources in Quetta and in Peshawar.

Pakistan has protested numerous violations of its airspace, as well as cross-border bombing and shelling by Afghan forces, during six weeks of offensives by Soviet and Afghan government forces in Afghanistan's Paktia province.

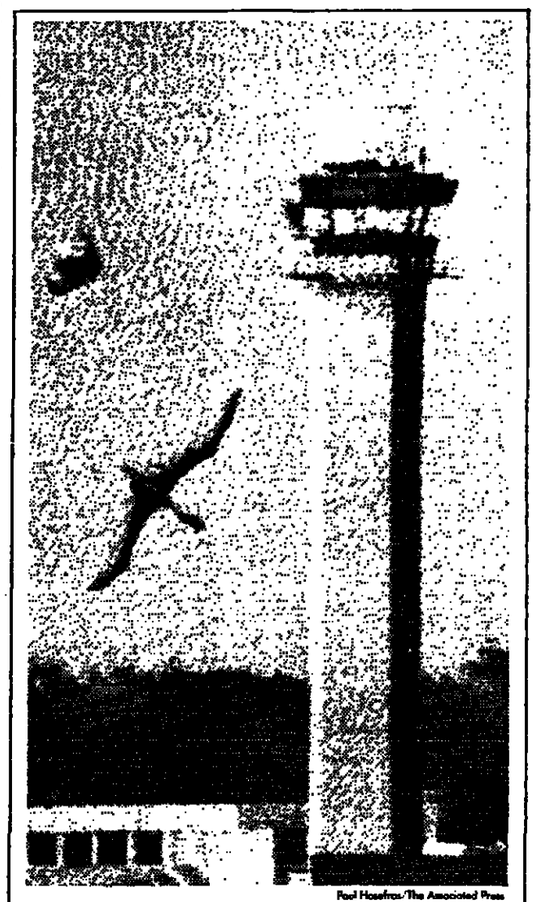
Pakistani officials say that more than 30 persons have been killed in cross-border attacks in the past two weeks.

The protests over the incursions have been low key.

Small articles appearing in Pakistani newspapers noted that a senior Afghan diplomat in Islamabad had been summoned to the Foreign Ministry to receive a formal notice that the moral responsibility for the unspecified "serious consequences" of border incursions would rest with Kabul.

Pakistani political observers have suggested that Islamabad does not want to emphasize the dangers of its backing for the Afghan resistance, a policy that is challenged by the leftist opposition and by many in the hard-pressed border areas burdened by masses of Afghan refugees.

"Air violations are running at about two and a half times what they were last year," an analyst close to the government said early this month, "but we are only protesting when there are casualties."



Paul Hosefros/The Associated Press

Flying Lizard, a Thing of the Past

The flight of a pterosaur replica ended prematurely at Andrews Air Force Base in Maryland on Saturday when the creature, developed at a cost of about $700,000, plummeted to earth after its head fell off. A parachute popped open too late to save it. "Now we know why it's extinct," one of the creators said.

AP

Joaquín Balaguer appeared headed for victory with most of the votes counted in the Dominican Republic's presidential election. Page 3.

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- Asian oil exporters are giving qualified support to OPEC's efforts to persuade nonmembers to curb output. Page 9.

OPINION

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Zaire Finds That Rejection of Its Colonial Past Isn't a Panacea

By Edward A. Gargan
New York Times Service

KINSHASA, Zaire — Fifteen years ago, President Mobutu Sese Seko decided to catapult Zaire into a distinctively African future, sharply breaking with the colonial past.

He tried to impose a way of thinking — a way of life, really — called *authenticité* by the French-speaking elite, through which he hoped to develop the country by relying on indigenous culture.

The president decreed that citizens could be called only by African names. Instead of *monsieur, madame* or *mademoiselle,* they were to be addressed as *citoyen* or *citoyenne,* French for citizen.

Coats and ties were banned, replaced by a modified Chinese Mao suit, called an *abakos,* touched up with a silk ascot and pocket handkerchief.

Places were renamed: Leopoldville, named for Belgian kings, became Kinshasa; the Congo River became the Zaire. Citizens had a community duty, called *salongo,* to clean roads and attend to parks on Saturday afternoons.

Opposition political parties were banned, while Mr. Mobutu, exercising supreme power in presumed traditional fashion, took to wearing a leopard-skin cap and carrying a carved wooden staff.

His intentions, a Western diplomat said, "were basically to wipe out the traumatic memories of the colonial period." Authenticity, he added, is not a philosophy but perhaps a kind of political methodology.

Ideologically at least, the Africanization in Zaire has been more thorough than in many countries that have tried to recapture a real or imagined heritage. In some, it has largely stopped at changing the names of a few cities, as in Chad, where Fort-Lamy became Ndjamena.

Mr. Mobutu nationalized foreign companies, contending that Zairians could run them better than Belgians and other Europeans. But mismanagement, combined with collapsing commodity prices and major governmental mistakes, brought the economy to its knees. By 1983, agriculture and industry were moribund. Mr. Mobutu turned to the International Monetary Fund for help — a tacit admission that the authenticity approach was not invigorating Zaire's vast, diverse society.

Today there is widespread grumbling among young intellectuals. In March, students at the Institute Makanda Kabobi, where future officials of the one legal party are trained, sent the president a stinging critique accusing him of encouraging a cult of personality, abusing power and failing to consult the people on economic decisions. It urged the creation of a second political party.

Calls for authenticity, meanwhile, have largely vanished from economic discourse.

"In the beginning," said a University of Kinshasa student, "it meant the president demanding of the Zairian people: 'Even when we are dealing with foreigners, we must do our best not to forget our origins and not to forget our heritage.' The decision about authenticity was taken when the economy was very good. That's why people accepted it. The economic situation has gone very, very wrong. I don't think if that decision were taken today, it would be effective. Authenticity cannot solve the problem of the economy."

A Western businessman and longtime resident agreed. "Now the feeling is, it's not so bad to hire Westerners to advise the government," he said.

And far from demonstrating nationalist pride, many officials seem to have little confidence in the country. "As Zairians make money," the businessman said, "they put it into Belgian and Swiss bank accounts and American property."

In Kinshasa, the men have largely shed their abakos for sport shirts. Women are increasingly appearing in slacks. Even at the party's central bookstore, the latest tract on authenticity was dated 1979.

"There are," the university student said, "more important things to worry about."

Iran and Iraq Step Up 'Tanker War' in Gulf

By Paul Lewis
New York Times Service

MANAMA, Bahrain — Iran and Iraq are stepping up their two-year-old "tanker war" in the Gulf, according to diplomats and military experts in the region.

Since the start of the year, the sources say, Iran and Iraq have raided at least 40 tankers and other commercial vessels navigating the seaway.

That is almost as many attacks as the two carried out in all of 1985, when their warplanes struck 46 such vessels. In 1984, 56 such assaults were recorded.

In recent weeks, these sources say, Iran has established two forward attack bases near the mouth of the Gulf from which its helicopters and planes can launch missile assaults against tankers moving up to collect oil from Saudi Arabia, Kuwait and other conservative Gulf countries that support Iraq. The seaway handles about one-sixth of the non-Communist world's oil supplies.

The island of Abu Musa, about 60 miles (100 kilometers) west of the Strait of Hormuz, is the site of the most recent base, according to these sources. Iranian planes and helicopters are believed to have carried out missile attacks from there against at least two ships in recent weeks.

A significant feature of the stepped-up fighting, the military sources say, is that Iran has started hitting Saudi Arabian tankers again for the first time since early 1984.

In Washington, the Reagan administration has blamed Congress for the stepped-up attacks against neutral shipping, saying its rejection of plans to sell new missiles to Saudi Arabia is encouraging Iran to become more aggressive.

Gulf sources believe the Iranians are also reacting to a tightening financial squeeze brought about by falling world oil prices, which they attribute to Saudi Arabia.

Since early 1984, Iran and Iraq have tried to deny each other valuable oil revenues needed for military operations. Iraqi warplanes regularly strike at tankers loading Iranian crude at the Kharg Island terminal in the western end of the Gulf. In retaliation, Iran attacks tankers collecting crude oil from Saudi Arabia, Kuwait and other Gulf countries that support Iraq.

Since the start of the war six years ago, Saudi Arabia and its Gulf allies have poured billions of dollars into Iraq in the hope of preventing an Iranian victory that would help the forces of Islamic fundamentalism.

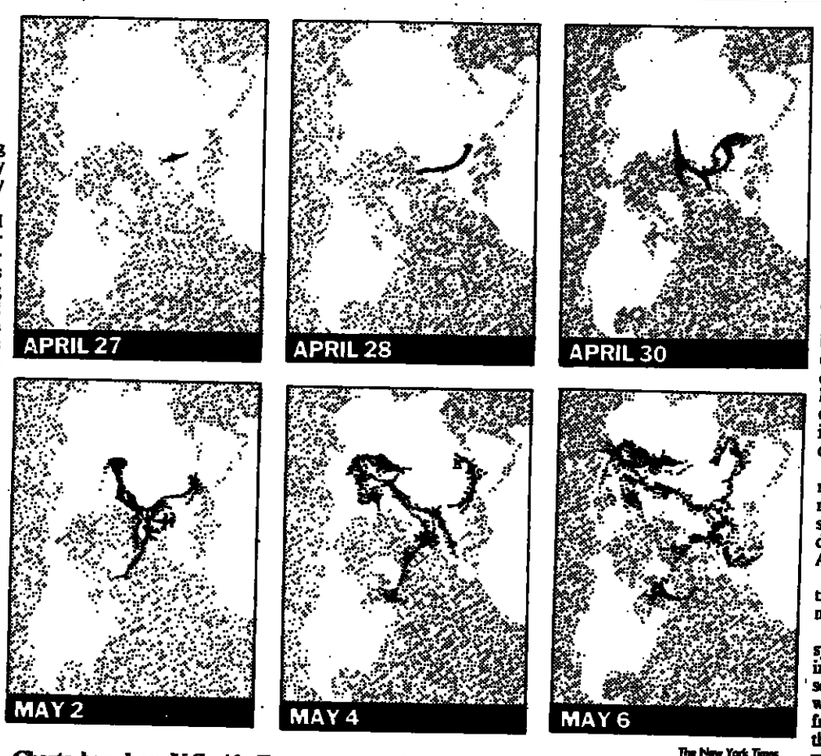
Now, having sharply raised its oil production earlier this year, forcing down world prices, Saudi Arabia is also reducing Iran's earnings from the oil it manages to sell abroad.

Diplomats believe the Iranian leadership is convinced that Saudi Arabia raised oil production this year at least in part to try to bankrupt Iran after Iranian forces embarked on a successful invasion of the Faw region of southern Iraq in February, coming within 40 miles of the Kuwaiti frontier.

■ **Dissidents Attacked**

Gunmen roughed up Iran's dissident former prime minister, Mehdi Bazargan and a group of his supporters, a spokesman for Mr. Bazargan said Sunday, according to a Reuters report from Tehran.

The incident occurred Thursday when Mr. Bazargan and officials from his small Freedom Movement, which is Iran's only legal opposition group, tried to hold a ceremony marking the movement's 25th anniversary.



The New York Times

Charts based on U.S. Air Force weather data and computer simulation by Lawrence Livermore National Laboratory in California calculate the spread of the radioactive cloud.

Pravda Critical of Policy on Chernobyl

Reuters

MOSCOW — The Communist Party daily Pravda said Sunday that delays in releasing information about the Chernobyl nuclear accident contributed to the concern of Soviet citizens about the disaster.

In a report from Kiev, 130 kilometers (80 miles) south of Chernobyl, a Pravda correspondent said the lesson to be drawn was that it was necessary to trust people.

Other countries have criticized the Soviet Union for not informing them of the April 26 accident for almost three days. Moscow has responded by accusing the West of using the accident to whip up anti-Soviet feeling.

Boris Oleynik wrote in Pravda: "In the first days, shifts in people's moods came from an uncertainty that was sometimes promoted by belated information on the real state of affairs at the site of the accident.

"This will be a lesson not only for us. It is necessary to trust people — all the more, Soviet people, who in these days once more demonstrated to the whole world standards of calm courage," he wrote.

Pravda blamed no officials directly for the delay but the head of a government investigation, Boris Shcherbina, has said local authorities at first underestimated the scale of the accident.

A scientist, Lev Feoktistov, said on Soviet television Saturday that radiation levels in Kiev were so low that a year's exposure was the equivalent of one medical X-ray.

He added that no one outside the immediate area of the reactor was in danger from radioactivity.

The Health Ministry newspaper, Meditsinskaya Gazeta, said Sunday that radiation levels in most milk in the Ukraine and Byelorussia, areas also affected by fallout, were not above average.

There was no ground to suppose that radiation had contaminated vegetables, fruit and grain to be harvested this summer and autumn outside an 18-mile security zone around the reactor, it added.

The number of victims listed by official Soviet news organizations rose to 10 Sunday when two newspapers published the names of eight persons they said had died because of the accident.

A U.S. specialist treating victims of the accident, Dr. Robert Gale of the University of California, indicated Friday that the death toll had risen to 13.

■ **Kohl Criticizes Moscow**

Chancellor Helmut Kohl of West Germany on Sunday criticized Mikhail S. Gorbachev over his handling of the Chernobyl accident. He challenged the Kremlin to pay Bonn reparations for damages from radiation, The Associated Press reported from Munich.

Speaking at an annual reunion of Sudeten Germans, Mr. Kohl said Mr. Gorbachev, who made his first comments on the disaster Wednesday, should first have addressed the question of how the Soviet Union planned to pay for material damages that occurred.

The Sudetenland is now part of Czechoslovakia.

■ **Protesters in Clashes**

Police and anti-nuclear demonstrators clashed Sunday, leaving 132 officers injured at a planned nuclear waste treatment center, Agence France-Presse reported from Wackersdorf, West Germany.

Police said about 500 protesters broke away from an otherwise-peaceful group of about 3,000 demonstrators to throw gasoline bombs, stones and firecrackers at police guarding the site.

Irish Airline Is Training 108 Libyans

By Robert O'Connor
International Herald Tribune

DUBLIN — Aer Lingus, the Irish national airline, is training 108 Libyans to be airplane mechanics.

The training, at Dublin Airport, is taking place despite American efforts to isolate the regime of Colonel Moamer Qadhafi, the Libyan leader. The British government recently took steps to halt such training for more than 300 Libyan student pilots and mechanics.

Michael McGovern, general manager of Aer Lingus's maintenance and engineering division, said the course was being held under a contract with Libyan Arab Airlines, Libya's national carrier.

He said the students would be training for approximately two more years.

A spokesman at the U.S. Embassy in Dublin, referring to the training, said: "We're certainly not obsessed with it. Our position is that we would hope that all of our friends in Europe would do what they could, each in their own best way, to deter terrorism."

Ireland conducts diplomatic relations with Libya through its embassy in Rome. There are about 500 Irish citizens in Libya.

An Irish official said, "Relations are very, very low key, not at all what you would consider vital areas."

Last year Ireland exported about $30 million in farm products to Libya.

The government of Prime Minister Garret FitzGerald did not condemn the U.S. attack on Libya, but Charles Haughey, leader of the opposition Fianna Fail Party, said, "I don't believe that it is morally right to engage in military action against an open city and civilian targets."

Ireland has traditionally pursued a nonaligned foreign policy. It was neutral in World War II and is the only member of the European Community that does not also belong to the North Atlantic Treaty Organization.

Prosecutor Resigns in Palme Case

Reuters

STOCKHOLM — The prosecutor assigned to the hunt for the killer of Prime Minister Olof Palme has resigned after accusing the chief investigator of perverting justice by refusing to clear a former suspect.

K.G. Svensson stepped down Saturday after a disagreement between him and Hans Holmer, Stockholm's police commissioner, became public. Claes Zeime, the chief prosecutor, said in a statement that he was taking over the case from Mr. Svensson.

Mr. Svensson said Friday in a statement that there was no evidence linking a 33-year-old Swede arrested on March 17 to the slaying. The man was released two days later, but police continued to question him and said he could not be excluded from the investigation.

Mr. Palme was shot Feb. 28 while walking home in central Stockholm with his wife after seeing a movie. The murder weapon has not been found, and police have established no motive for the killing.

Mr. Svensson said the man who was arrested by police should have been cleared much earlier. "In my opinion, the man has been subjected to a serious violation of his rights," he said in the statement.

He also welcomed a government inquiry into the shooting and the 10-week-old police investigation.

Mr. Holmer refused to comment on the affair and said the investigation was continuing.

Mr. Svensson said detectives had shown a photograph of the man to key witnesses before they picked him out in police lineups. He also accused the police of asking witnesses leading questions to obtain the answers they wanted.

WORLD BRIEFS

South African Mourners Ignore Ban

JOHANNESBURG (UPI) — Black mourners ignoring a magistrate's ban draped flags of the outlawed African National Congress over eight coffins and gave speeches in a mass funeral for victims of political unrest.

Four black men were arrested as about 10,000 residents of the black South African township of Alexandra attended a funeral Saturday for eight black men killed recently in vigilante attacks on anti-government militants, witnesses said.

On Sunday, thousands of blacks lined the streets of Alexandra to cheer more than 200 whites who defied a police ban by driving into the township to lay flowers at the graves of the eight blacks. Police arrested two organizers of the visit, and a canister of tear gas was fired by officers at the cemetery. About 2,000 blacks joined the whites for a half-hour memorial service before being dispersed.

U.S. Court Overrules Reagan Action

WASHINGTON (WP) — A federal court judge has ruled that it is unconstitutional for the president to defer the spending of appropriated funds, and he ordered the release of more than $5 billion in housing funds.

The decision Friday by the U.S. District Court judge, Thomas P. Jackson, strips President Ronald Reagan of his authority to defer approved spending from one fiscal year to the next, a major tool that he has used to reduce the budget deficit. The judge said that presidential use of such deferrals was tantamount to a "line-item veto." Although housing funds alone were directly involved in the suit, a total of $22.8 billion in spending involving 41 programs has been deferred by the Reagan administration and could be affected if the ruling is upheld.

A spokesman for the Justice Department said its lawyers would study the decision before deciding whether to appeal. The Public Citizen Litigation Group filed the suit on behalf of the National League of Cities, four Democratic members of the House and city officials.

Charges Are 'Political,' Deaver Says

Reuters-UPI

Michael K. Deaver

WASHINGTON (WP) — Michael K. Deaver has asserted that he is the victim of politically motivated, "mean-spirited" attacks that implicitly question the integrity of his longtime friend and former boss, President Ronald Reagan.

In an opening statement at a hearing of a House subcommittee investigating his lobbying activities, Mr. Deaver said Friday that he had "absolutely never taken advantage" of his friendship with the president. He insisted that he had "consistently sought to maintain a high standard of integrity" in his business dealings since leaving his post as White House deputy chief of staff a little over a year ago.

A spokesman for the subcommittee said Mr. Deaver had been questioned about the representation of Canada and other foreign governments by his lobbying firm and about a General Accounting Office report that said Mr. Deaver may have violated conflict-of-interest laws by signing a $105,000-a-year contract with Canada centering on the issue of acid rain.

Band Aid, Ethiopia Resolve Dispute

ADDIS ABABA, Ethiopia (AP) — Ethiopia and the Band Aid relief organization have resolved a dispute over a shipment of medical supplies that the government confiscated at gunpoint last week, a Band Aid spokesman said.

John James, the spokesman, said in a statement, "The Relief and Rehabilitation Commission of the government of Ethiopia will ensure that the relief items impounded recently at Assab will be promptly distributed for the benefit of needy Ethiopians in northern drought-affected areas of the country."

Ethiopian officials confiscated 51 tons of medical supplies from the ship Band Aid Star last Tuesday at Ethiopia's main port of Assab on the Red Sea. The shipment of blankets, medicine and hospital equipment was destined for Port Sudan in neighboring Sudan and was then to be sent to Eritrea. Bob Geldof, the Irish rock-music star who founded Band Aid, had responded to the seizure by withholding $900,000 in relief aid pending a resolution of the dispute.

Weinberger on Way to NATO Session

WASHINGTON (UPI) — Defense Secretary Caspar W. Weinberger left Sunday on a four-nation European trip that will include his first talks with his counterparts in the North Atlantic Treaty Organization since the U.S. bombing raid on Libya.

Mr. Weinberger will attend a midweek two-day meeting of the NATO defense ministers in Brussels in between courtesy calls to Portugal, Denmark and Austria.

Although the agenda for the NATO Defense Planning Group calls for talks about cooperation among the allies for weapons development, terrorism is likely to be discussed, officials said.

Jordan Reports Arrests After Unrest

AMMAN, Jordan (Reuters) — The government has detained a number of people "to protect Jordanian national security," the information minister, Mohammed Khatib, said Sunday.

Mr. Khatib declined to give the number of persons arrested or their political affiliations, but other sources said they were the 17 politburo members of Jordan's illegal Communist Party.

Riots at Jordan's Yarmouk University over tuition fees last week resulted in the deaths of three students. Several other students, 18 policemen and a number of faculty members were injured. Sources said leftist politicians might have helped touch off the dispute.

For the Record

Finnish public employees began returning to work on Sunday, ending a 45-day strike after a compromise was reached Saturday on demands for pay increases. *(Reuters)*

Ireland's ban on divorce would be altered to allow the dissolution of marriages after five years under a bill for a constitutional referendum, which was approved unanimously Friday by the lower house of the Irish parliament. *(Reuters)*

Nicaraguan rebels have kidnapped eight West Germans in northern Nicaragua who were helping to build housing for peasants displaced by the war, the Nicaraguan Defense Ministry said Sunday. *(Reuters)*

Spanish dockworkers began a 10-day strike Sunday to protest government plans to turn the country's ports over to private control. *(Reuters)*

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Balaguer Likely to Win Presidential Election In Dominican Republic

Reuters

SANTO DOMINGO, Dominican Republic — Joaquin Balaguer, a 78-year-old former president of the Dominican Republic, appeared certain of victory in the nation's presidential elections with more than 90 percent of the ballots counted Sunday.

Earlier, the vote count in Friday's election had shown almost equal tallies for Mr. Balaguer and Jacobo Majluta Azar, 51, another former president. Both men are centrists.

Mr. Balaguer, of the Social Christian Reformist Party led Mr. Majluta, 51, of the ruling Dominican Revolutionary Party, by 35,000 votes.

Mr. Balaguer's party and allied factions had 799,968 votes against 764,509 votes for Mr. Majluta's camp.

Electoral officials said it would be virtually impossible for Mr. Majluta to overtake Mr. Balaguer.

The Dominican Liberation Party, a Marxist group headed by Juan Bosch, 76, was in third place with 351,000 votes.

Mr. Balaguer had not yet claimed victory nor had Mr. Majluta conceded defeat.

Both candidates were waiting for the final official results from the central electoral committee organizing the election. Sunday night, the vote count was suspended without explanation until Monday.

Mr. Balaguer, who is nearly blind from glaucoma, was heading for his fourth term in office. He ruled for three consecutive terms from 1966 to 1978 during a period of prosperity.

Mr. Majluta, who served as president for 43 days after the suicide of his predecessor in 1982, is the Senate president.

Although his party belongs to the left-leaning Socialist International, he is regarded as a centrist.

Mr. Majluta had tried to convince the public that unpopular austerity measures introduced by the government two years ago was needed to pull the country out of its deep economic recession.

However, an economic package proposed by the International Monetary Fund provoked food riots earlier this year in which 86 persons died in clashes with troops.

Mr. Balagner is popular among the nation's peasants, who benefited from land reforms he created, and the middle classes who benefited from his extensive public works projects.

While Mr. Balagner has agreed that discipline is necessary for economic recovery he has not come up with a clear program for improving standards of living in a country where more than half the population is poor.

On Saturday night, with the vote counts close and charges of voting irregularities being widely aired, heavily armed troops were deployed in Santo Domingo to discourage violence.

Soldiers patrolled the capital Sunday, but no disturbances materialized.

For over two decades, violence has been commonplace in elections in the Dominican Republic. Three persons were shot to death in election incidents Friday.

The government appointed a special advisory commission to ensure a fair vote, but Mr. Balaguer had said that the government was planning to rob his party of victory and warned that this could lead to bloodshed.

Counting was delayed for thousands of votes that were specially witnessed and sealed by poll workers. The sealed ballots were cast by electors whose voting credentials were questioned by poll workers or party representatives.

Most of the questioned credentials belonged to voters who were added to electoral rolls after a registration deadline extension requested by Mr. Majluta's party.

There have now been seven elections in the Dominican Republic since the assassination of the dictator Rafael Leonidas Trujillo nearly 25 years ago.

Events Push Sandinists Closer to Signing Treaty

By Joanne Omang
Washington Post Service

WASHINGTON — An unexpected combination of events is putting heavy pressure on the Sandinist government of Nicaragua to sign a Central American regional peace treaty early next month, a move that would have drastic effects on U.S. policy in the area.

Final negotiations on the pact this past weekend and next and related talks among Nicaraguan rebel leaders in Miami are at what all sides agree is a crisis point.

Positions drawn and redrawn over three years of negotiations appear suddenly to be within shouting distance of each other. What remains necessary is a leap of faith that agreement can be reached by the target date, June 6.

That next move appears to be Nicaragua's.

Ironically, U.S. conservatives opposed to the negotiations have helped to make the pact credible for Nicaragua. They are suddenly complaining that the treaty would save the Sandinists in power and halt U.S. support for the "contras," the counterrevolutionary guerrillas fighting Nicaragua's leftist government.

"We had our doubts at first, but we're beginning to believe they really are worried," a Nicaraguan official said of the U.S. conservatives. "That's very interesting."

Eight Republicans wrote to President Ronald Reagan last week expressing alarm over a promise by the special U.S. negotiator, Philip C. Habib, that U.S. aid to the contras would cease if President Daniel Ortega Saavedra of Nicaragua signed and observed the treaty brokered by the Contadora countries.

The Contadora group, which consists of Mexico, Panama, Colombia and Venezuela, is named for the island where the countries started the peace effort in 1983.

The Republicans warned in their letter that Nicaragua might sign without any intention of adhering to the terms of the treaty.

Several of them have asked to meet with Mr. Reagan to secure a guarantee of continued support for the contras.

State Department officials have expressed some bafflement over such concerns. They noted that official statements dating back to the beginning of Contadora consistently endorse a treaty that is verifiable, comprehensive and binding on all parties simultaneously.

In another irony, pressure on Nicaragua to bargain is coinciding with the nadir of the fortunes of the contras rather than the strong military position that the Reagan administration had predicted.

The rebel leadership is so divided that Mr. Habib spent much of the last week trying to push the three factions into a more cooperative, civilian-run organization in the meetings in Miami. Their military progress has been nil since their financial aid ran out.

The World Court is expected to announce U.S. aid to the rebels as illegal in about two weeks.

Perhaps the strongest pressure on Nicaragua comes from Mr. Reagan's continued drive for $100 million in new humanitarian and military aid to the contras.

He refused an appeal from eight Latin nations in February to delay the aid request until June to allow negotiations to proceed. But congressional reluctance to approve the aid has delayed the request until at least June 9, three days after the Contadora deadline for signing the agreement.

There is general agreement that there are sufficient votes in Congress for renewed military aid of some kind.

The White House has promised to pursue the aid even if a pact is signed until it is convinced that the treaty is being observed.

The final treaty negotiations are focused on spelling out the details of verification, comprehensiveness and the simultaneous application of the pact to all parties.

Nicaraguan officials have not objected to a tough verification system, which in theory would protect them from renewed rebel activity.

But the Reagan administration has refused to sign a protocol promising to abide by the terms of the treaty, which would in theory leave it free to decide for itself whether a violation had occurred.

Treaty negotiators say they have detected room for an arms agreement in Mr. Ortega's declarations that "rifles in the hands of the people are not negotiable" while "offensive weapons" are.

That could allow a reduction in the Sandinist army but the retention of the civilian militia.

AMERICAN TOPICS

The Associated Press

SINGER SENTENCED — The country singer Johnny Paycheck, right, standing with his attorney, Ralph Buss, as a guilty verdict was read at his trial in Hillsboro, Ohio, on assault charges in connection with a barroom shooting. He was sentenced to up to 9 years in prison.

Minipickup Trucks Gain on Car Market

Millions of Americans who come down with what the automobile industry calls "sticker shock" at the price of new cars are turning to minipickup trucks. Sales of light trucks — minipickups, minivans and small utility vehicles — increased 15.1 percent to 4.4 million units last year, or about half the sales of standard passenger cars.

"People are looking at prices of $6,000 for trucks and at that level, there just aren't many new cars you can buy," says Scott Young, an automobile sales manager in Los Angeles. John Hammond, an industry analyst, says, "Trucks have become entry-level vehicles that cater to the marginal buyer who can't afford a car but still wants to buy something new."

Still, the Los Angeles Times reports, some industry observers doubt that the minipickup's gains will be sustained. More low-priced small cars from Yugoslavia and Korea are on the way, and new Japanese assembly plants in the United States will soon start rolling out more small cars unrestrained by import quotas, which should make the subcompact-car market nearly as competitive.

Short Takes

Obstetrician-gynecologists in Brunswick, Georgia, exasperated by the increasing number of malpractice suits and consequent higher liability insurance premiums that have become a national phenomenon, have begun refusing to care for pregnant lawyers, law clerks and the pregnant wives of lawyers whose firms have sued doctors for malpractice. Dr. Carl Dohn Jr. said law firms do not realize "the personal anguish and emotional trauma caused by unfounded litigation." At least one lawyer is trying to determine whether the shutout violates any law.

Remember the two girls who wanted to break a couples-only rule for attending the prom at Salinas High School in California? Stephanie Salgado, 17, and Marie Hawkins, 18, said their boyfriends had objected to the $25-per-couple price of tickets for the dance, and school authorities refused to let them attend without male dates. But, armed with a Monterey County Superior Court order, they showed up at the dance and were admitted — even though they had forgotten to bring their ticket.

"Personal" ads are becoming less impersonal. People advertising in New York magazine for mates, roommates or traveling companions can now have color photographs printed with their ads — a new dimension of truth in advertising. The magazine checks that the photos are genuine.

The Twain Solution To Summer Reading

After Silver Lakes High School in Kingston, Massachusetts, amid much controversy, dropped and then readopted a summer reading program requiring that advanced and honors pupils read such works as "Jane Eyre," "Little Women" and "The Glass Menagerie," The New York Times said, "Maybe the board should dip into 'The Adventures of Tom Sawyer' and find its policy there."

The Times said:

"Having conned his friend Ben into whitewashing Aunt Polly's fence, Tom, Twain writes, 'had discovered a great law of human action, without knowing it — namely, that in order to make a man or a boy covet a thing, it is only necessary to make the thing difficult to attain.' Ban the books in the summer reading program to anyone under 21. Then watch Jane Eyre become the belle of Silver Lakes High."

— Compiled by
ARTHUR HIGBEE

U.S. Policy Foes Unite in Anger on Leaks

By John M. Goshko
Washington Post Service

WASHINGTON — The dismissal of two U.S. officials who allegedly leaked classified information is a sign of the Reagan administration's growing frustration at having its ideological divisions over foreign policy exposed to public view.

Neither of the dismissals had any relationship to allegations by conservatives that President Ronald Reagan is the victim of liberal-leaning career bureaucrats who are seeking to thwart the policies of a conservative leader.

Instead, both officials dismissed from the administration are conservatives who apparently sought to influence debate over controversial policies.

A Defense Department official, Michael E. Pillsbury, was dismissed last month, and a State Department speech writer, Spencer C. Warren, was dismissed Friday.

Mr. Pillsbury is a longtime associate of Republican conservatives who believe that administration policy is dominated by moderates. He was suspected of leaking information about aid to anti-Communist guerrillas in Angola and Afghanistan.

Mr. Warren, a lesser-known figure, reportedly admitted leaking a diplomatic cable accusing House Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, of trying to undermine Mr. Reagan's policy of pressuring the Sandinist regime in Nicaragua.

NEWS ANALYSIS

Sensitivity about such disclosures has increased at a time when Mr. Reagan is increasingly emphasizing covert action and the fight against international terrorism.

Invariably, leaks about those issues overlap the area of intelligence activities that the administration considers too sensitive to disclose.

Concern over the leaks has become close to a fixation at the highest levels of the Reagan administration, and it has created a unanimity among officials who usually are regarded as adversaries.

That concern recently prompted William J. Casey, director of the Central Intelligence Agency, to threaten to use a 1950 law against five publications that reported U.S. interception of Libyan messages. The law prohibits the disclosure of communications intelligence.

Secretary of State George P. Shultz, who frequently is on the opposite side of Mr. Casey in policy debates, has become so upset by what he called a "gusher" of leaks that he told reporters last week: "We've got to find the people who are doing it and fire them."

To emphasize the seriousness of his threat, Mr. Shultz seized on Mr. Warren's case.

He had a department spokesman take the unusual step of announcing at the Friday press briefing that an unidentified official had been dismissed for leaking classified material.

A spokesman refused to name the employee, but other department officials later identified him as Mr. Warren.

Leaks to news organizations have been a source of aggravation at the White House for at least two decades.

When the leaks involved the inner workings of government, they usually described turf fights between officials, like Secretary of State Cyrus R. Vance and the security affairs adviser, Zbigniew Brzezinski, of the Carter administration.

In the Reagan era, however, the leaks have become a weapon in an ongoing policy struggle, with officials like Mr. Shultz on one side and Mr. Casey and Defense Secretary Caspar W. Weinberger on the other.

Mr. Shultz generally follows a pragmatic approach to foreign policy while advocating force to combat terrorism. Mr. Casey and Mr. Weinberger favor an unrelentingly tough line on Central America and on arms control and other dealings with the Soviet Union.

The leaks generally come from partisan lower-level officials. They frequently are conservatives with an allegiance to ideology who believe their views have been excluded from the policy-making process.

State Department officials insisted that Mr. Shultz did not want to cut off the flow of "legitimate news" to the media.

They said he considered leaks a threat to national security, however, and was determined to force his employees to maintain confidentiality and resolve disputes through internal channels.

Presser Is Expected to Retain Teamster Presidency

By Peter Perl
Washington Post Service

WASHINGTON — The indictment of the Teamsters union president, Jackie Presser, will not deter his election to a full five-year term at the organization's convention this week in Las Vegas, according to union officials and other observers.

However, the indictment may fuel a growing "right-to-vote" movement by Teamsters seeking to change the union's long-criticized method of election, the officials said Friday after the indictment was announced.

The Teamster election system allows local officers to select, from among themselves, most of the 2,000 delegates empowered to elect the union president.

U.S. Labor Department election specialists have said that the system favors incumbents and their loyalists. Many present and former Labor Department officials believe the system is illegal.

Mr. Presser, who receives more than $500,000 a year in union salary, is the fourth of the last five Teamster presidents to be indicted on criminal charges. He is expected to become the third Teamster president elected while under criminal indictment.

"It is another black eye for the Teamsters," said C. Sam Theodus, the president of Teamster Local 407 in Cleveland, "and it is exactly why I am sticking my neck out and running for this office."

Mr. Theodus, a former truck driver, is the first Teamster officer in 15 years to challenge an incumbent president.

"An indictment," Mr. Theodus said, "makes absolutely no difference as far as his being re-elected. It didn't for Roy Williams or Jimmy Hoffa, and I don't see it changing anything." He said this was partly because of the lack of direct elections.

Mr. Williams was elected President of the Teamsters in 1981 after he was indicted on charges of attempting to bribe a public official. Mr. Hoffa was elected president in 1966 while appealing a conviction for jury tampering. Dave Beck, who preceded Mr. Hoffa as president, was convicted of larceny and income tax violations in the 1950s.

The 1.6-million-member union elects its presidents for five-year terms. Mr. Presser became president by appointment in 1983 when Mr. Williams resigned after his conspiracy conviction.

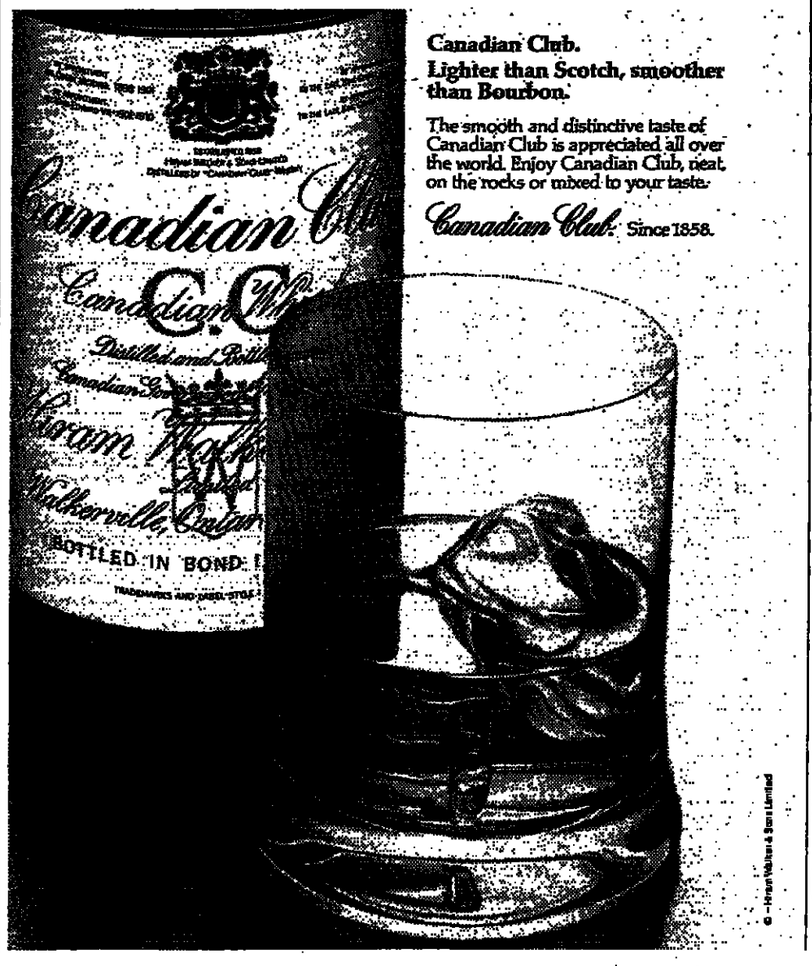
Nearly 100,000 Teamster members have signed petitions seeking the right to vote, according to Teamsters for a Democratic Union, a Detroit-based group.

"These elections are rigged," said Kenneth Paff, a spokesman for the group. "Jackie Presser would be elected even if he stood up at the convention and announced he planned to steal money from the union, and would also double his own salary, and said he hated the union members."

The President's Commission on Organized Crime, citing Teamster union ties to organized crime, earlier this year criticized the Reagan administration for its contacts with Mr. Presser. The commission said the contacts could "lead to an erosion of public confidence."

Mr. Presser was the only major labor leader to endorse President Ronald Reagan in the 1984 election.

Politicians and dignitaries, many of them Republican, will address the Teamster delegates and 6,000 guests in Las Vegas.



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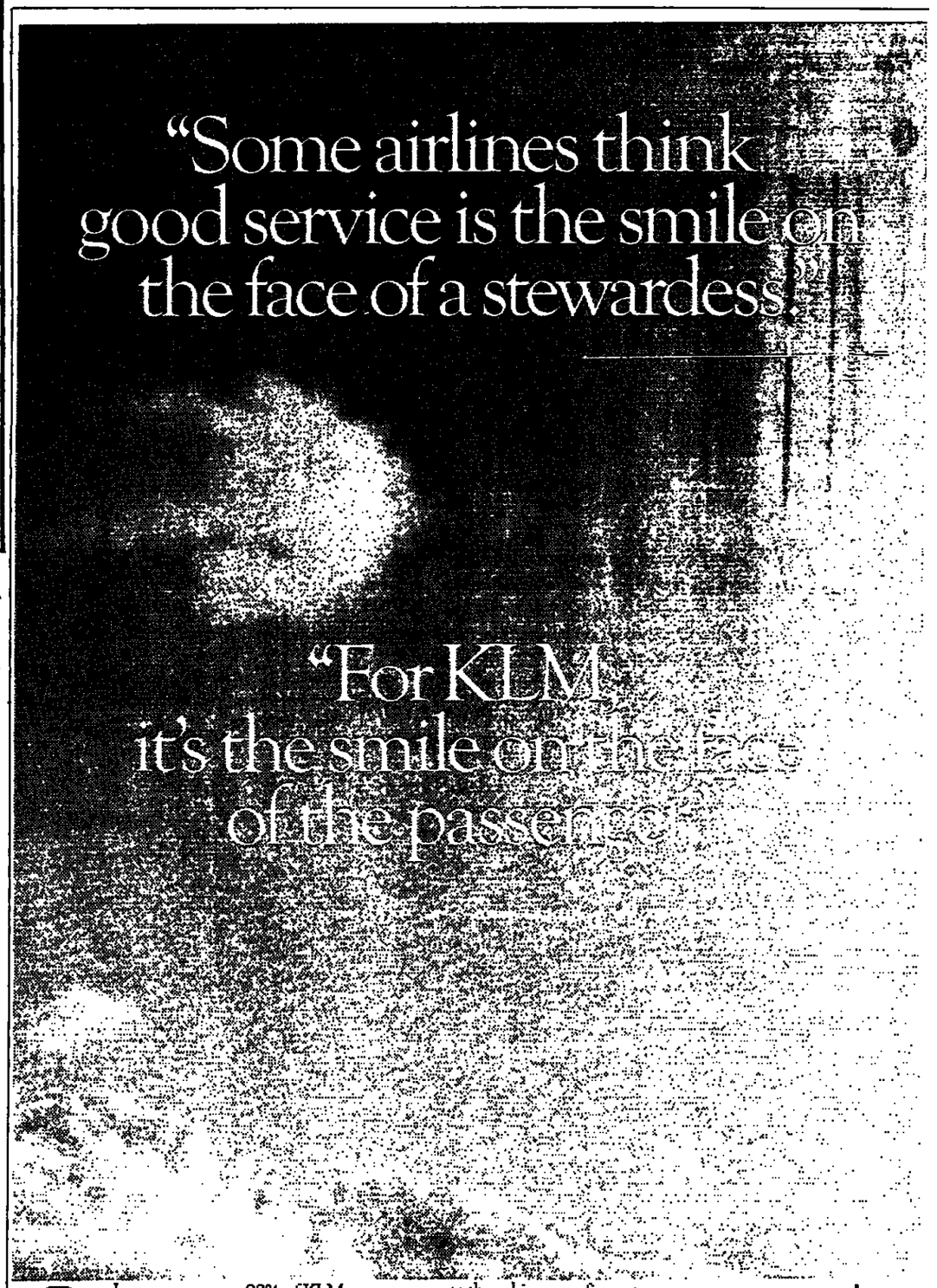

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The Message From Assad: He Will Not Buckle Under

By Jonathan C. Randal
Washington Post Service

DAMASCUS — President Hafez al-Assad's outspoken criticism of the Reagan administration was unusual, but not his message that Syria preferred a bloody nose on the battlefield to being seen as knuckling under to foreign pressure.

That constant theme is one of the key reasons Mr. Assad has succeeded since 1970 in ruling a country previously known for its almost annual coups or attempted coups.

"We stick to a rule which says nobody can strike Syria and evade punishment," he said in his interview with The Washington Post on Friday. "The past years have proved that Syria accepts no humiliation and fears no danger, however big it is, when it concerns its dignity and the dignity of the Arab nation."

Decoded, that means that Syria considers itself the center of the Arab world and has used regional crises to extract diplomatic, political and financial support — often grudgingly provided — from more timorous Arab regimes.

Under Mr. Assad, Syria has chalked up an uncanny record for snapping back from drubbings on the battlefield and other seemingly disastrous crises.

Whether Syria will bounce back from its current troubles is not yet clear. Despite earlier Israeli accusations and American and British suspicions of Syrian involvement in recent acts of terrorism in Europe, by midweek a Western envoy said "the war threats seems to be over" for the time being, at least with Israel.

But U.S. officials are watching closely the British investigation into the attempted bombing on April 17 of an El Al airliner with many American passengers. If Syrian involvement were to be proved, there could well be American or joint retaliation.

Yet even if the threat of punitive action over this incident does subside, Syria is no longer riding the crest of victory in the region.

At home, Mr. Assad acknowledged that a series of recent bus and train bombings to protest his regime has killed 144 Syrians and wounded 149 others.

The economy is so squeezed that foreign exchange has virtually disappeared and Syrians are growing accustomed to shortages of even their much-beloved coffee.

NEWS ANALYSIS

The largesse of Kuwait, Saudi Arabia and the other oil-producing Gulf states has diminished sharply — in part, according to diplomats, because of their own depleted coffers, in part to exert pressure on Syria to drop its alliance with Iran and thus help end the almost six-year-old Iran-Iraq war.

Next door in Lebanon, which remains the regime's biggest foreign policy problem, Syria's seeming success in forcing the main rival militias to submerge their differences and accept a "Pax Syriana" has proved to be a will-o'-the-wisp.

Mr. Assad admitted as much by acknowledging that Syria would accept "amendments" to the now-marooned tripartite agreement among Druze, Shiite Moslem and Christian militias brokered by Syria late last year. That accord sought to enshrine a special role for Syria in Lebanon's constitutional structure.

Nor did Mr. Assad seek to minimize his frustration with the tactical alliance in Beirut now linking armed Palestinians loyal to Yasser Arafat, leader of the Palestine Liberation Organization — whom Syria has sought to topple — and the Iranian-influenced Shiites of the fundamentalist Hezbollah, or Party of God.

Taken together, the Palestinians and Hezbollah constitute as much a thorn in Syria's side as do the Christian militias that upset the tripartite agreement and Syrian hopes of dominating the situation.

Mr. Assad's admission of difficulties in persuading Hezbollah to release Western hostages also raises questions about his encouraging the Palestinians and Shiite fundamentalists as a counterweight to the more moderate Amal militia in southern Lebanon.

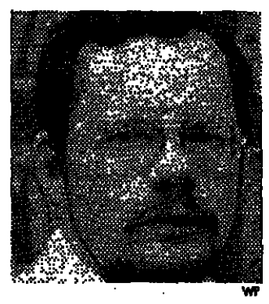
Similarly, his claim that his troops in Lebanon's Bekaa Valley could not control Abu Nidal's training camp there also reflected a much diminished role for Syria so near its own border. So, too, did recent clashes in the Bekaa city of Baalbek between Syrian soldiers and Hezbollah militiamen.

Even Mr. Assad's success last fall in forcing King Hussein of Jordan to recant publicly for having harbored anti-Assad members of the fundamentalist Moslem Brotherhood in Jordan has not borne all the fruit Syria wished.

Jordan has yet to jettison its alliances with Iraq or Egypt, Syria's rivals for Arab leadership, or to break with Mr. Arafat despite the collapse of the Jordan-PLO peace initiative in February.

It is perhaps for these reasons that Mr. Assad has delivered mixed messages on Lebanon, criticizing the United States for allegedly backing President Amin Gemayel's defiance of the tripartite agreement and appealing to Washington to stop its "obstruction" there.

But despite this, and Syrian charges that the United States went along with the Israeli invasion of Lebanon in 1982, diplomats in the Arab world are speculating that Mr. Assad would also like to mend his fences with Washington, not so much to balance his alliance with the Soviet Union as to find a way out of what he called the "quagmire" of Lebanon.


WP

The Americans held in Lebanon and not yet returned are, clockwise from top left, the Reverend Lawrence Martin Jenco, David P. Jacobsen, Terry A. Anderson, William Buckley, and Thomas M. Sutherland. Mr. Buckley is believed to have died in captivity.

A Rare Talk With the Western Press Finds Assad Strong, 'Never Stooping'

International Herald Tribune

DAMASCUS — President Hafez al-Assad of Syria does not grant interviews to the Western press often, and so it took The Washington Post three years to arrange the meeting held in Damascus on Friday.

The last American publication Mr. Assad talked to, according to his aides, was Time magazine two years ago. In January of this year he met with journalists from the French newspaper Libération.

After persistent requests for an interview were made by Jonathan C. Randal, who reports on the Middle East for The Post, Mr. Assad made known his agreement last week through Syrian officials in Paris. Permission was granted for a visit by three Post representatives: Benjamin C. Bradlee, executive editor, Jim Hoagland, an assistant managing editor and veteran foreign correspondent, and Mr. Randal.

In addition, the Syrian officials requested the presence of an editor of the International Herald Tribune, which sent a deputy editor, Samuel Abt. The Herald Tribune, an Assad aide explained, is "a window on American policy in Europe and the Middle East. The Herald Tribune is read by many officials in Damascus, including Mr. Assad's press secretary." The press secretary said he prepared for the president a daily digest of this newspaper's reporting and editorial opinion.

Once permission was given, Mr. Bradlee and Mr. Hoagland flew from Washington to Paris and met Mr. Randal and Mr. Abt. The four left hurriedly for Damascus, so hurriedly that they were told not to spend time getting visas. This detail was taken care of at the airport by a presidential aide while the Americans sipped orange juice in the VIP lounge. Such cordiality continued throughout the visit.

The interview was held 48 hours after the journalists arrived. They were driven to Mr. Assad's palace — a two-story building resembling a huge blockhouse — in a residential area of the city. First Mr. Bradlee met privately for half an hour with Mr. Assad and then the three other Americans were shown into the room where the president, according to his aides, always meets visitors, including diplomats.

Painted grey and green, the oblong room was lighted by two crystal chandeliers, whose light was reflected by more than 200 brass plates in the ceiling. A floral rug added color. Velvet chairs and benches sat along the walls, one of which was decorated with a huge painting of what appeared to be a battle between Arabs and Crusaders.

Another wall was hung with a velvet drape through which a muezzin's prayers could be heard at sundown. Because this is Ramadan, Moslems' holiest month, Mr. Assad had fasted through the day. While the muezzin chanted, a servant brought the president *iftar*, a bowl of soup, to break his fast.

Although he is said to speak English well, Mr. Assad spoke quietly and distinctly in Arabic during the three-and-a-half-hour interview. His words were translated into English.

Only after the interview did the president switch languages. As the journalists prepared to leave, Mr. Bradlee noted that he had heard of Mr. Assad's heart troubles. "I thought we might find you weaker," Mr. Bradlee commented, hunching his shoulders and bending over.

"No, you will never see me like that — stooping," Mr. Assad replied in English with a smile.

ASSAD: *Syrian President Lashes Back at West's 'Verbal Bombs,' Accusations on Terrorism*

(Continued from Page 1)

national storm in recent days as British, West German, Israeli and American officials have said that Syria appears to have provided support for terrorist operations in London and West Berlin.

Pressed by journalists, Mr. Reagan said at the Tokyo summit meeting this month that he would consider ordering military strikes against Syria if evidence showed a Syrian connection to terrorist operations.

Seated in a green velvet chair and speaking in a soft, slow voice for most of the interview, Mr. Assad gave little outward sign of being perturbed by the criticism and tension swirling around him.

His long, thin face frequently broke into an off-center smile that hooked upward as he told an anecdote to illustrate a point or as he expressed dismay at U.S. policy. Although aides had asked for questions in writing before the interview, Mr. Assad quickly discarded the list and with confidence fielded questions spontaneously.

Felled by a heart attack two years ago, he gave no indication of tiring during the three-and-a-half-hour discussion with four journalists.

But his thinning hair has grayed noticeably in recent years, and he appeared to need to conserve his energy more carefully than in the past. He paused only once during the interview, which began shortly before sunset, and that was to take a cup of broth to break the daylong fast Moslems observe during the month of Ramadan.

Mr. Assad left no doubt that he wanted to use the interview to respond to what he presented as unjust accusations and dangerous threats from Western officials, and particularly from the Reagan administration. Until now, he noted, he had not publicly responded.

Viewed by both former Secretary of State Henry A. Kissinger and former President Jimmy Carter as a key interlocutor on the Middle East, Mr. Assad said that he had become "bitter and disappointed" over the Reagan administration's policy of alternately ignoring and confronting Syria.

He couched his bitterness at the deterioration of U.S.-Syrian relations in personal terms, whether speaking of Mr. Reagan's seemingly off-handed disregard of Arab leaders and Arab opinion, or of the Arab reaction to the April 15 attack on Libya.

Voicing disbelief that "a superpower would use a fleet of bombers and fighters to try to assassinate a head of state," Mr. Assad recalled that he had recently been a guest in a house in Colonel Qadhafi's residential compound that had been destroyed in the raid.

"I know the house which was bombed. It was in the past the residence of Colonel Qadhafi. Later it was converted to a guest house, and Colonel Qadhafi moved to a nearby smaller house for a residence. . . . It seems that the American intelligence had thought it was still the residence of Colonel Qadhafi and therefore destroyed it."

Mr. Assad's remarks appeared intended to emphasize that, despite a series of reversals in recent months for Syria, he does not feel isolated or under strong enough pressure to make him drop his alliances with Libya and Iran or to change other policies.

The increasingly angry exchanges between Washington and Damascus over the issue of terrorism clearly rankled him, however.

U.S. officials in the past have not singled out Syria for the kind of repeated denunciations aimed at Libya under Colonel Qadhafi. Washington appeared to draw a distinction between the actions mounted out of Libya directed specifically at American targets, and Syrian-backed operations that concentrated on Syria's Arab opponents or on Israeli targets.

But accusations in the past two weeks that Syria helped supply explosives to a Jordanian arrested in London in a failed attempt to blow up an El Al airliner on April 17 have focused attention on Syria's role in terrorism. And they have shaken those American officials who believed Mr. Assad would keep Syrian operations under tight control, particularly in times of tension.

Although the would-be El Al bombing unfolded at London's Heathrow airport, American officials have pointed out that the London-Tel Aviv flight actually originated in New York and that more than 200 Americans were among the 340 passengers.

Vehemently denying that "the United States administration is entitled to level charges of terrorism against Syria," Mr. Assad maintained that "the CIA has a hand in every terrorist organization in the world."

Among the "terrorist" operations he attributed to the Reagan administration were the 1983 invasion of Grenada, the hijacking last year of the EgyptAir plane carrying the Palestinian hijackers of the Achille Lauro cruise ship, and support for an Israeli interception in February of a Libyan airliner carrying Syrian officials home from Tripoli.

Mr. Assad went on to deny specifically that Syria had been involved in the attempted El Al bombing.

"Although we wish all kinds of disasters to befall Israel, since we are enemies and in a state of war for 38 years — and the Israelis wish the same for us — we refuse to carry out such acts against civil aviation," he said. "We condemn the hijacking or exploding of civilian aircraft. Such acts are cowardly."

Mr. Assad said that he had never met Sabri el-Banna, who as Abu Nidal heads a breakaway Palestinian group accused of carrying out attacks on Palestinian moderates, American tourists and others with the help and urging of Colonel Qadhafi.

"Abu Nidal is not in Syria . . . he does not operate anything in Syria. There is an office doing cultural and political work among the Palestinians, but those who are in Syria have nothing to do with terrorist acts," Mr. Assad said.

The presence of the office in Syria and the publication by the Abu Nidal group of a magazine in Damascus have become a symbolic test for the Reagan administration, which would like to see Syria close down the operation.

But Mr. Assad said he would not do this, and he denied that his troops in Lebanon could close down a training camp that Abu Nidal runs in the Bekaa Valley in an area under Syrian control. American officials assert the Syrians could easily close the camp.

"There is Syrian influence in Lebanon, but not Syrian sovereignty," he said. "We do not interfere in their affairs or the affairs of the inhabitants. . . . We are not responsible for what happens in Lebanon. Moreover, the Americans, the British and the French were in Lebanon but could not prevent such things."

Much of the interview was devoted to a discussion of past and present Syrian efforts to gain the release of foreigners taken hostage in Lebanon by Islamic extremists who generally follow the line of Ayatollah Ruhollah Khomeini of Iran.

Those efforts triggered a warning last week from an anonymous caller in Beirut claiming to represent Islamic Jihad that attempts by Syria to gain freedom for the American hostages could result in their deaths. There were also unconfirmed television and newspaper reports in Washington last week that emphasized a new effort by Syria to get the hostages freed.

But Mr. Assad said Syrian efforts had been stymied by the April 15 bombing of Libya and other American political acts that had caused the small groups holding the hostages to break off contacts, and he gave no indication that a new effort had been launched since then.

"Our attitude in Syria toward these hostages has nothing to do with our relations with the American administration," Mr. Assad quickly added, "either negatively or positively. We shall do all that we can for their sake as we did in the past for the sake of others."

The American hostages are The Associated Press Beirut bureau chief, Terry A. Anderson; the Reverend Lawrence Martin Jenco of Catholic Relief Services; and Thomas M. Sutherland and David P. Jacobsen of the American University of Beirut.

They reportedly are moved regularly between West Beirut and the Bekaa Valley by the Islamic Jihad group that claims to be holding them.

A fifth American, William Buckley, a political officer at the U.S. Embassy, is believed to have been killed by his captors, although no body has been found.

Mr. Assad said that Syria did not know the location or condition of the hostages, nor exactly who was holding them. Syria had opened contacts last year with Hezbollah, or Party of God, an Iranian-supported guerrilla group that is linked to Islamic Jihad, in an effort to gain the freedom of French and American hostages, the Syrian leader acknowledged.

In January, the Syrians believed they had reached agreement with Hezbollah on the imminent release of the French hostages, but the agreement fell through at the last minute, leaving "misunderstandings between us and them. Until now, there are problems between them and Syrian forces in the area," Mr. Assad continued, confirming reports of clashes in recent weeks between Hezbollah units and Syrian troops in the Bekaa.

He said the clashes were not specifically related to the Syrian efforts to get the American hostages out but were "byproducts, because when there is misunderstanding it may cause daily problems."

Mr. Assad characterized President François Mitterrand of France as the Western leader "most concerned" about hostages and still making "serious efforts" to get them released.

Despite his protestations of continuing interest in helping the hostages, Mr. Assad also made clear his resentment over what he described as a lack of official American gratitude for the Syrian role in freeing Americans taken hostage in the hijacking of a Trans World Airlines jetliner to Beirut last June.

"I do not think anyone else helped in that matter. Even the American administration was unable to do anything then to help those hostages."

Mr. Assad also mentioned in passing that Syria had played a role in obtaining the release from captivity in July 1983 of David Dodge, acting president of the American University of Beirut.

Such actions, juxtaposed with strong suspicions of Syrian involvement in support of terrorism, have produced an ambivalence about Mr. Assad among many Western analysts.

This story is drawn from an interview Friday in Damascus with President Assad. The three-and-one-half-hour interview was conducted in the presidential palace by Benjamin C. Bradlee, The Washington Post's executive editor, Jim Hoagland, an assistant managing editor, Jonathan C. Randal, a correspondent, and by Samuel Abt, a deputy editor at the International Herald Tribune.

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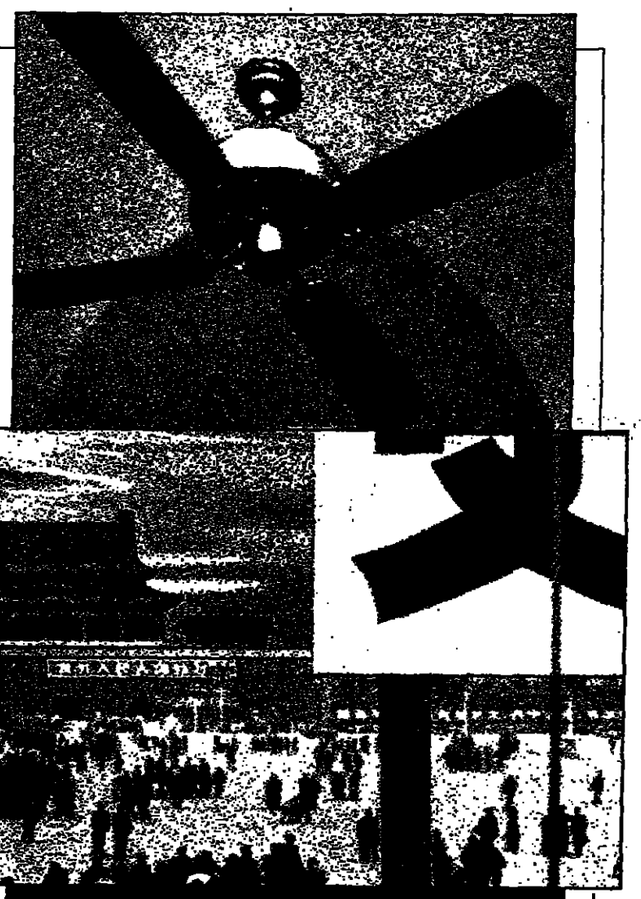

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WORLDWIDE ENTERTAINMENT

South Korean Radicals Disrupt Rites in Honor of Dissidents

By Patrick L. Smith
International Herald Tribune

KWANGJU, South Korea — Ceremonies honoring the victims of recent political violence in South Korea were disrupted Sunday by radical students and workers less than an hour after they began.

The unexpected breakup of the services, which attracted almost 1,000 people, provided new evidence of a growing breach between South Korea's moderate and radical opposition movements. The services were held at a municipal cemetery near Kwangju.

A prepared message by Kim Dae Jung, a prominent leader of the nation's moderate opposition, could be read only after the chanting students departed.

More than 6,000 uniformed policemen and troops were deployed throughout the city, supported by several hundred plainclothesmen. The city's central square, where students had planned a large demonstration and where violence erupted six years ago, was cordoned off.

The police throughout the afternoon fired tear gas into crowds around the city, which is South Korea's fifth-largest, to break up gatherings and temporarily detained hundreds of people.

But there were no formal arrests, Kwangju officials said Sunday.

Police units also blocked a memorial service sponsored by the National Council of Churches, the first such action taken by the government against a religious organization since mid-February.

Elsewhere in South Korea, the police appear to have forced the cancellation of some planned demonstrations.

At the cemetery gathering, a group of students and workers suddenly disrupted the otherwise peaceful ceremonies when Yang Soon Jik, one of six vice presidents of the opposition New Korea Democratic Party, prepared to address the crowd.

Radical activists, until recently a central part of the opposition party's anti-government campaign, are now becoming increasingly critical of the party, which they say is willing to compromise with the government of Chun Doo Hwan.

"This is the resting place of liberators," a student speaker shouted to the gathering. "This is not the place for the New Korea Democrats."

Members of the moderate opposition were visibly shocked as radicals seized a podium and began shouting slogans against them. The grieving parents and friends of those buried at the cemetery, wearing black shoulder sashes, drifted slowly away from the crowd.

The memorial services held here have been an annual event since a popular uprising in 1980 was crushed by government troops after nine days. The violence left at least 200 persons dead, 99 of whom are buried at the cemetery.

The Kwangju incident has become a symbolic event in South Korea's widespread opposition to President Chun. Mr. Chun, then a general in charge of the military security command, ordered troops into Kwangju to suppress the uprising; he became president several months later.

It is widely accepted among Koreans that the United States gave tacit support to Mr. Chun's action. Although Washington has never confirmed this, the incident has become a focus of rising anti-Americanism here.

The mood at the Kwangju cemetery Sunday morning was a mixture of private grief and public militancy. Traditional offerings of incense and tables of fruit, pork and other foods stood amid dozens of banners bearing anti-government slogans.

"We should fight and let people know these sacrifices will not be forgotten," said Kim Yang, 55, whose 20-year-old son was killed during the uprising.

Referring to the breakup of the services, Mr. Yang said later, "We think this was organized disruption by the current dictatorship."

The opposition made a similar assertion after violence forced cancellation of a scheduled rally in the port of Inchon earlier this month.

■ U.S. Position Criticized

A South Korean opposition party leader, Lee Min Woo, after meeting with Secretary of State George P. Shultz, said he remained "not fully satisfied" with the U.S. position on Korean political developments but he appreciated the U.S. commitment to democracy, The Washington Post reported from Washington.

Mr. Lee, president of the opposition New Korea Democratic Party, criticized public declarations made by Mr. Shultz during his May 7-8 visit to South Korea.

Mr. Lee said in a speech at George Washington University on Thursday, after a meeting with Mr. Shultz at the State Department, that the secretary's remarks in Seoul were "construed as a sign of U.S. approval and support for the military dictatorship" of President Chun.

Mr. Lee said in an interview that Mr. Shultz had assured him that "he didn't take sides" in Korean domestic politics.

"Shultz emphasized and said he would assure me that the United States is fully in support of a democratic process and very strongly so," Mr. Lee said.

While Mr. Lee is the formal head of the opposition party, two other political figures, Kim Dae Jung and Kim Young Sam, are considered the dominant leaders of the opposition. Mr. Shultz refused to meet either of them during his stay in Korea.

The Associated Press

Police subdued a demonstrator Saturday night in Seoul as they broke up a demonstration by hundreds of people marking the sixth anniversary of the Kwangju uprising.

Cambodia's Other Struggle

Rival Factions Strive to Win the Minds of Children

By Barbara Crossette
New York Times Service

BANGKOK — In refugees' bamboo huts at the edge of Thailand, in spartan classrooms in Phnom Penh, and in exile populations in France and the United States, a quiet struggle is being waged over Cambodia's children.

Although leaders in government offices in Vietnam, in Khmer Rouge camps and in the non-Communist Cambodian guerrilla forces would concur on little else, they share one conviction: that how the *next generation of Cambodians* view their history and culture will play a large role in determining whether peace can be achieved in the ravaged country.

Central to the debate is the interpretation of Cambodia's historical relationship to Vietnam, whose troops now keep a pro-Hanoi government in power in Phnom Penh.

"1975 to 1979," a white-haired teacher wrote on the blackboard of a schoolroom in a Khmer Rouge camp called Site 8. Those were the years of the regime of Pol Pot, leader of the Khmer Rouge.

"If you understand what came before that," the teacher said, "you will understand what happened then, and what is happening now."

The former Phnom Penh high school teacher is Mey Mann, a mathematician. He has been an associate and supporter of Mr. Pol Pot since the early 1950s, when many of Cambodia's Communist leaders were young nationalists in Paris, actively opposed to French rule in Indochina.

Mr. Mey Mann, 64, is training others to teach in new schools at Site 8 on the Thai-Cambodian border, home to tens of thousands of civilian followers of the Khmer Rouge.

A reporter asked him what these children of one of the world's most brutal governments were being taught about their history.

The theme he outlined on the blackboard was deeply nationalistic and bitterly anti-Vietnamese. Dipping back through the centuries for supporting evidence, Mr. Mey Mann said Vietnam "has always wanted to swallow Cambodia whole."

It is the Vietnamese, he said, who bear the responsibility for the massacres, death by dislocation and disease of the 1975-79 period.

Others have accused Mr. Pol Pot of being responsible for the deaths of more than two million Cambodians from 1975 until the Khmer Rouge were forced into guerrilla warfare in 1978.

But Mr. Mey Mann said that Hanoi, after failing six times to overthrow Mr. Pol Pot from within the Cambodian Communist movement, turned to murderous provocation and finally, to invasion.

Scholars, while accepting that Communist infighting was a factor in the brutality that left the country in ruins, would object to so simple and nationalistic a view of events.

But that is what Khmer Rouge children are being taught. It becomes their history, and their reason to continue fighting.

Across the border in Cambodia, young people living under the Vietnamese-installed regime of Heng Samrin, which supplanted the Khmer Rouge in 1979, are given a radically different account.

Political education teaches the youth of Cambodia that the two nations share a common "anti-imperialist" history that should serve as the basis of closer integration.

At the Site 2 exile camp, home to more than 120,000 followers of the non-Communist Khmer People's National Liberation Front, a Cambodian in his 20s who fled Phnom Penh in 1984 said that as an army recruit he had been forced to attend political meetings "aimed at strengthening the solidarity between Vietnam and Kampuchea."

Kampuchea is the name by which the country is known in Asia.

The young man, Chea Sokha, who is compiling a diary of his years under the Khmer Rouge and then the Vietnamese, wrote:

"We were told of how the Vietnamese sacrificed their lives on Cambodian territory. Vietnamese soldiers told us they had come to Cambodia for the third time to save us from death."

Direct Action Claims It Attacked Interpol

Reuters

PARIS — The terrorist group Direct Action has claimed responsibility for an attack on the Paris headquarters of Interpol, the international police organization, according to leaflets left behind in the street.

Gunmen using automatic weapons and explosives attacked the headquarters on Friday night, wounding a policeman on guard outside the building.

Police said three or four gunmen sprayed the front of the seven-story building in the suburb of Saint-Cloud with bullets, then hurled a bomb or grenade.

The explosives blew up in the basement, shattering windows and damaging the front of the building. Two parked cars were destroyed by the blast, witnesses said.

Direct Action has claimed responsibility for a series of assassination attempts against businessmen and defense officials and attacks on public buildings.

Interpol, officially known as the International Criminal Police Organization, acts as a clearing house for information on suspects wanted beyond their national borders.

The attack appeared to be a response from Direct Action to moves to step up the fight against international terrorism discussed at the recent Tokyo summit meeting of leading Western nations.

Interpol's chief, Commander Ray Kendall of Britain, has called for the organization to play a bigger role in fighting political violence. But it is hampered by a small budget and a constitution that bans it from dealing with political matters.

Interpol was bombed 10 years ago by a group of Spanish political exiles.

Direct Action's last known attack was a failed bid to kill a leading industrialist in April. It also claimed two attacks against defense officials last year.

The late-night assault on Friday recalled an earlier style of violence — concentrating on night attacks on buildings of symbolic importance — rather than the assassination attempts of the last two years.

The new government of Prime Minister Jacques Chirac has pledged to fight political violence, "to terrorize the terrorists" in the words of one minister.

Police arrested an alleged cofounder of Direct Action, André Olivier, in March and uncovered a large number of documents that they are reportedly still studying.

Madrid Paper Ties Libyan to Terror

United Press International

MADRID — The leader of an international terrorist ring has told police that Libya's acting ambassador in Madrid plotted and paid for attacks against American and Jewish targets, a Spanish newspaper said Sunday, quoting sources in the state prosecutor's office.

El País said Faisal Hanna Joudi claimed that the Libyan chargé d'affaires, Ahmed Mohammed Nakaa, paid the Call of Jesus Christ group $70,000 to carry out attacks.

Mr. Nakaa also allegedly gave "concrete instructions" on how to execute assaults against U.S. and Jewish targets in Madrid and Lisbon, the paper said.

Punjab Leader, to Atone For Raid, Shines Shoes

Reuters

NEW DELHI — The chief minister of the north Indian state of Punjab shined shoes Sunday for the Sikh faithful as an act of atonement for ordering a raid last month on the Golden Temple, the Sikhs' holiest shrine.

Surjit Singh Barnala, who ordered the April 30 raid by more than 1,000 commandos and policemen, accepted the punishment Saturday from the five Sikh high priests who summoned him to the Golden Temple in Amritsar to explain his action.

The Press Trust of India (PTI) news agency said that Mr. Barnala went to an historic Sikh shrine at Anandpur Sahib on Sunday morning and dusted the shoes of 50 Sikhs. Several state cabinet ministers accompanied him and two briefly joined in the penance.

Mr. Barnala agreed to shine shoes for a week, at a different shrine each day, to atone for the raid that, according to the high priests, "hurt the feelings of the Sikh masses."

PTI said that Mr. Barnala told journalists his penance was only an act of "religious purification," but that he hoped it would serve the interests of the Sikh people, of Punjab and of India.

The priests imposed the sentence, a traditional Sikh punishment for serious religious misconduct, after declaring Mr. Barnala a tankhaiya, or one who is ostracized by the Sikh community.

Mr. Barnala, with the backing of Prime Minister Rajiv Gandhi, had ordered the raid on the Golden Temple a day after five extremist leaders inside challenged his government by announcing the formation of an independent Sikh nation called Khalistan.

The separatist leaders were not captured and the raid revived memories of the army's assault on the temple in 1984, when hundreds of people were killed as troops flushed out armed extremists.

Only one person was killed in April, but the raid split Mr. Barnala's moderate party, the Sikh Akali Dal. That made his supporters a minority in the state parliament, and rebel deputies have been touring the state to rouse public opposition against Mr. Barnala.

Meanwhile, revenge killings by Sikh extremists continued Sunday with the murder of a Hindu named Tirath Ram by two gunmen.

That death brought the number of killings in Punjab since April 30 to at least 55.

AP

Surjit Singh Barnala

WALDHEIM: *Attacks Deplored*

(Continued from Page 1)

dismissed the discussion as "a sideshow" and said: "The World Jewish Congress does not create anti-Semitism. Anti-Semites create anti-Semitism."

Mr. Waldheim served in the Balkans between 1942 and 1945. He was a lieutenant in a German command that fought a brutal campaign against Yugoslav partisans and engaged in deportations of Greek Jews.

Mr. Wiesenthal said the involvement of the World Jewish Congress had placed Austrian Jews in a profound predicament.

"If Waldheim wins, people will say it was because of the Jews," he said. "If he should lose, people will say the Jews have killed our candidate."

Mr. Wiesenthal, 77, survived confinement in five Nazi death camps and has a long record of exposing former Nazis, including a number of prominent Austrian politicians. He said: "Our side must be justified and pure, without emotions. The facts alone are emotional enough."

■ New Documents Surface

The Observer newspaper reported that Nazi documents in London indicated Mr. Waldheim's wartime unit was involved in the interrogation of captured British commandos who subsequently disappeared, United Press International reported from London.

None of the documents indicate that Mr. Waldheim himself carried out any of the interrogations.

Britain's Defense Ministry was said to be checking records to determine if there was any link between Mr. Waldheim and the disappearance of about 10 British soldiers captured in the Balkans during World War II.

The Observer said Nazi documents showed that "seven of them were almost certainly executed after interrogation, with the knowledge of Kurt Waldheim's office."

An activities report for July 1944 by Mr. Waldheim's unit said the unit had "interrogated prisoners from the Anglo-American military mission in Greece."

Mr. Waldheim has said he went on leave from his unit during July 1944 to get married. He has repeatedly denied any connection with war crimes.

Messages to his counterintelligence unit in April and May refer to the British prisoners being handed over to the Sicherheitdienst, the Nazi security service, for further interrogation and "special treatment according to the führer order," The Observer said.

Special treatment was the Nazi euphemism for execution, and the "führer order" decreed that enemies on commando missions were to be killed.

19 Die in Djibouti Air Crash

Reuters

PARIS — Nineteen persons died Sunday when a French Navy Breguet Atlantic reconnaissance aircraft crashed in heavy rain in the former French territory of Djibouti in northeastern Africa, the Defense Ministry said.

CHINA: *Beijing and Taipei Open Talks, but Quickly Reach an Impasse*

(Continued from Page 1)

agency, said the talks were conducted in a "harmonious and friendly atmosphere."

Zhang Ruipu, an official of Beijing's airline, said: "There was no compromise. We want China Air Lines to send a team to Guangzhou to receive the plane and two crewmen."

Some analysts in Taiwan consider the talks a test of China's long-term intentions toward Taiwan.

Foreign diplomats said both sides were under pressure to act reasonably in the talks.

China is under pressure, they said, because it wants to look like it is capable of carrying on more substantive negotiations later and Taiwan because public opinion on the island strongly favors making every effort to get back the crew members now stranded on the mainland.

One analyst said it was possible that Taiwan would eventually send a delegation to Guangzhou to recover the plane. So far, he said, the move to negotiate has been popular in Taiwan.

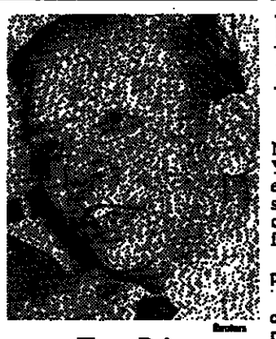
Hong Kong press reports indicated that the reversal of Taiwan's policy of no contact with the mainland was a victory for younger Taiwan officials who have been advocating a policy of greater flexibility in dealing with Beijing.

But analysts here agreed that Taiwan's final decision to enter the Hong Kong talks must have been made by President Chiang Ching-kuo.

Meanwhile, in Taipei Saturday, a Chinese Air Force pilot received title to $1.7 million worth of gold as a reward for flying his MiG-19 jet fighter to South Korea on Feb. 22. Chen Bao-chung, 26, who arrived in Taiwan April 30, was also commissioned a major in Taiwan's air force. Taiwan has a standing reward offered to Chinese pilots who defect.

■ Taiwan Publicizes Missile

The Taiwan Defense Ministry showed on Sunday a film of what it described as the successful test-firing last month of a Taiwan-made air-to-air missile named Sky Sword, The Associated Press reported from Taipei.



Reuters

Zhang Ruipu

FERRY: *Ports on Alert*

(Continued from Page 1)

News reported that Scotland Yard's Special Branch had uncovered an Arab plot to blow up and sink a passenger ferry by driving a car packed with explosives onto a ferry and detonating it at sea.

The Special Branch deals with political subversion.

A Scotland Yard spokesman declined to comment directly on the radio report but said the Yard was not involved and that the operation was being coordinated by the Kent County authorities.

"There is a possibility terrorist attention may be focused on a vessel operating in either direction between this country and the continental ports," said Lee Plummer, chief inspector for the Kent County police.

The security effort being mounted at British ports is of unusual size, according to a police official. The operation is expected to continue for at least several days.

"Public safety is our first concern and we will continue this surveillance as long as is necessary," Mr. Tappenden said.

The security alert seems to have had little effect on the volume of channel crossings.

"We haven't seen any wave of cancellations or other signs of panic," said an official for Townsend Thoresen Car Ferries Ltd., one of the largest ferry operators in Dover. Dover handles about 150 crossings a day.

Although terrorist activity against transport passengers has most frequently involved the hijacking of commercial airliners, there have also been threats and attacks against ships.

The most recent was the hijacking of an Italian cruise ship, the Achille Lauro, by Palestinian guerrillas in October. An elderly American passenger was killed in that attack.

In 1972, a British demolition squad parachuted onto the luxury liner Queen Elizabeth-2 in the middle of the Atlantic Ocean after an anonymous caller threatened to explode a bomb on board. No bomb was found.

Anwar Sadat, the late Egyptian president, said once that he had overruled an order from "an Arab leader" in 1973 to torpedo the QE2.

Herald Tribune
Opening for Talks Is Seen in Moscow
Summit Leaders Vow to Push for an Economic Recovery
Middle East Impasse
Western Leaders Doubt U.S. Recovery's Power

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The Associated Press

Heather Cory, 6, after the bombing.

SCHOOL: *2 Die After 150 U.S. Pupils Held Hostage*

(Continued from Page 1)

Mr. Young then shot himself in the head.

"I'm glad they're dead," Bran-Dee said. "They put a gun to my teacher's head."

Her mother said the siege would leave its mark on the children.

"It's something we're going to have to live with," she said.

John Dayton, the mayor, said the people in this agricultural community were a "pretty tough bunch" who would cope with this as with other hardships in the area, such as a depressed economy.

Mr. Dayton said Mr. Young, 42, operated a gun shop about seven years ago while he was town marshal.

Athalene Long, who lived in a nearby community when Mr. Young was the marshal, said he wore a cowboy hat and carried a long-barreled pistol in a holster strapped to his leg.

The Youngs are believed to have arrived in the Cokeville area Tuesday with Doris's daughter Princess, 19, Gerald Deppe, 42, of Grinnell, Iowa, and Doyle Mendenhall, 31, of Preston, Idaho.

Mr. Deppe and Mr. Mendenhall have told investigators that Mr. Young asked to meet them in the Cokeville area to discuss an unspecified business venture.

When Mr. Deppe and Mr. Mendenhall objected to the plan, officials said, Mr. Young allegedly threatened them with an automatic rifle. He then handcuffed the men.

His stepdaughter, after being told to unload explosives and weapons at the school, later drove to the police with the handcuffed men.

■ Companions Questioned

Iver Peterson of The New York Times reported from Cokeville:

The investigation of the incident focuses on two men persuaded to accompany the Youngs to Cokeville on a "money-making venture," said Earl Carroll, chief investigator with the Lincoln County Sheriff's Department.

Mr. Young served briefly as town marshal in Cokeville in the 1970s before being dismissed for incompetence.

According to Sheriff T. Dab Wolsley of Lincoln County, documents found in the possession of the couple linked them to Posse Comitatus.

An investigator with the Federal Bureau of Alcohol, Tobacco and Firearms added that a diary apparently kept by Mr. Young also tied the couple to the Aryan Nation, a neo-Nazi organization with headquarters in northern Idaho.

Mr. Wolsley said the Youngs' two unwilling companions said that Cokeville was chosen for their "revolution" because they wanted a remote setting and expected that if the federal government would not pay the ransom, the Mormon church would.

Most Cokeville residents are Mormons, belonging to the Church of Jesus Christ of Latter-Day Saints.

The takeover of the Cokeville Elementary School began shortly after noon Friday when the Youngs walked into the school secretary's office and leaned on the counter. Christine Cook, the secretary, was at her computer.

"They had a shopping cart like the ones you take to the market," she said. "I got up and said, 'May I help you,' and he finally said: 'Yes, Mrs. Cook, this is a revolution and I'm taking your school hostage. Don't set off any alarms or make any calls or the children will all die.'"

Mr. Young then showed Mrs. Cook the shopping cart, which was loaded with two plastic milk jugs filled with gasoline. She said he demonstrated to her how a switch to detonate the bomb had been fashioned from a clothespin whose jaws were separated by a wooden plug on the end of a string whose other end was tied to Mr. Young's belt.

Mrs. Cook said that if anything happened to him and he fell the jaws of the pin would snap together and an electric battery would set off the bomb.

For two and a half hours, with Mrs. Young tied to the detonator, 150 children and some teachers were kept in a classroom while Mr. Young spoke about high taxes and other political complaints, Mrs. Cook said.

At one point, she said, Mr. Young handed out leaflets that he had brought into the school along with three rifles, explosives for other bombs and several volumes of apparently political nature.

"The papers didn't make any sense," Mrs. Cook said. "They said things like, 'Zero equals infinity,' and talking about Shakespeare and Socrates, but the language just went around and around."

Bush Undergoes Skin-Cancer Surgery

Reuters

WASHINGTON — Doctors at Bethesda Naval Hospital in Bethesda, Maryland, have removed a small skin cancer from Vice President George Bush's face, according to Mr. Bush's spokesman.

Marlin Fitzwater said Saturday the cancerous tissue was found on Mr. Bush's left cheek during a routine physical checkup several weeks ago. It was removed Thursday.

Mr. Fitzwater described the tissue as a basal cell carcinoma, a common, easily treated form of skin cancer usually caused by too much exposure to the sun.

"The vice president is in excellent health and there was nothing remarkable about the procedure," the spokesman said.

President Ronald Reagan underwent similar surgery twice last summer after blemishes on his nose were found to be the same form of cancer.

Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

The 'Sinister Force'

It was good to hear Mikhail Gorbachev report on Chernobyl. He made clear some of the human dimensions of the tragedy and cited the valor of those, including American doctors, who sought to limit its harmful effects. No doubt his televised address Wednesday reassured many Soviet citizens. "The worst is behind us," he declared. Certainly everyone must hope he is right.

Mr. Gorbachev's report becomes acceptable, however, only by application of a double standard that demands full disclosure in the West and gratefully welcomes even belated and partial disclosure in the East. It is not simply that he let 18 days pass. There was but the stingiest indirect acknowledgment that the Kremlin had denied timely notice not only to foreigners but also to Soviet citizens, and that it had assured the world that the situation was "stabilized" even while workers were still struggling to prevent a meltdown.

What Mr. Gorbachev said, moreover, leaves unknown exactly what caused the accident, and leaves veiled its radiation effects. Instead he made the tiresome Soviet complaint that some in the West had sought to exploit the event — as though straight talk in Moscow would not have pre-empted the wild reports of which he complained.

Mr. Gorbachev offered two broad lessons of Chernobyl: that the Soviet Union must work on reactor safety on its own, and that international cooperation must be deepened. Many in the West, inclined to favor international agreement in nuclear matters, have overlooked the do-it-yourself lesson, which Mr. Gorbachev put first and pronounced "indisputable," and have seized on the cooperation theme, which he put second and in the "further-we-deem-it-necessary" category. He went on to endorse an international "system of prompt warning and supply of information in the event of accidents," an early conference of specialists and a strengthening of the International Atomic Energy Agency.

International cooperation is vital. But it would involve a very great wrench for Soviet policy. The Gorbachev appeal for "prompt warning and supply of information," moreover, must be measured against the delay and censorship at Chernobyl. The call to strengthen the IAEA must be measured against the thin information Moscow has given the agency and its insistence that the agency treat that information in an approved way. The West must pursue the international approach, but with eyes open.

Mr. Gorbachev made an unforgettable reference to the "sinister force" of nuclear energy escaping control. His seriousness here, however, may be usefully measured against Soviet treatment of the person who, more perhaps than any other, represents the effort to contain this "sinister force."

Andrei Sakharov is about to observe his 65th birthday, usually a time of reflection and celebration for a great man of science. He is in painful lonely exile in Gorky. It was precisely his awareness of the full spectrum of nuclear perils that made him a dissident. Nothing could better show the Kremlin's true understanding of Chernobyl than to halt his cruel persecution.

— THE WASHINGTON POST.

A Two-Way Challenge

In harsh language, the Reagan administration accuses Mexico of tolerating widespread drug trafficking and the corruption it generates. Last Tuesday the commissioner of the U.S. Customs Service, William von Raab, denounced "ingrained corruption in the Mexican law enforcement establishment." Elliott Abrams, assistant secretary of state, added that "they have got to get organized to stop this before it gets too late, and it can get too late."

It is quite true that there is a heavy flow of drugs smuggled from Mexico into the United States, and it is also true that there is much corruption in Mexico related to the drug trade. But you might look at this corrosive trade from its other side.

The United States, a country with three times as many people as Mexico and 20 times its income, is the world's most voracious and lucrative market for illegal drugs. The enormous profits to be gained in the American drug market filter southward along the routes of supply on a scale that not only subverts individual policemen and politicians but also threatens the political system itself in some parts of the United States. U.S. officials, having failed to control the demand for drugs, are railing against Mexico, poorer and less well equipped, for failing to control the supply.

Which country has the greater and more legitimate grievance against the other?

While Mexico has done less than the United States had hoped to choke off the movement of drugs northward, the United States has been equally unsuccessful at reducing the movement of dollars southward — dollars in the hands of professional smugglers playing for very high stakes.

Political corruption is as deplorable in Mexico as in any country, and in Mexico that process has, as the Reagan administration argues, gone a long way. But the Mexican government and police are conducting a more vigorous and bloodier war than one might have thought from the Senate hearing at which Mr. Von Raab and his colleagues were speaking. Dozens of Mexican police officers have lost their lives in the continuing struggle with the smugglers.

The destructiveness of the drug trade justifies using any strategy that promises even modest progress against it. But the unhappy reality is that, as long as the market within the United States operates on its present gigantic scale, any attempt to cut off the foreign sources of supply is likely to have, at best, very limited success.

— THE WASHINGTON POST.

The Cost of 'Star Wars'

The first question for President Reagan's "star wars" missile defense plan is, Will it work? Behind that lies a more basic question: Even if it works technologically, would it be cost effective? Only if it would cost the Soviets more to build one extra missile than it would cost America to shoot it down. Otherwise the Soviets could defeat "star wars" — and the American economy — simply by building more missiles.

This cardinal principle was enunciated a year ago by Paul Nitze, the Reagan administration's senior arms control adviser. He gave assurances that no "star wars" system would ever be deployed unless it met the criterion of being "cost effective at the margin." What has apparently just begun to dawn on James Abrahamson, director of the Pentagon's Strategic Defense Initiative Organization, is that no defense system now imaginable will meet that test.

The flitter of exotic technologies is diverting but does not alter a nuclear-age reality: Cities are far easier targets than flying missiles, giving offense a vast technical edge over defense. But General Abrahamson is trying to squirm out of the Nitze criterion. He says that a missile defense system might be desirable for other reasons than that it works; it might, for instance, encourage the Soviets, too, to emphasize defense. So cost effectiveness "shouldn't be defined too narrowly." A system would be worth building if it were "affordable."

The proposition is to commit now to a weapons system that may not be cost effective, so long as the Pentagon thinks it is affordable. This, mind you, is not a matter of billions but of hundreds of billions.

America once before bought a defense system, the Safeguard missile defense complex. It, too, was intended to protect missile silos. Safeguard was completed in April 1975 and switched off 10 months later because it could so easily be saturated by Soviet missiles, just as its critics had said all along. Safeguard cost a mere $5.7 billion; it was not cost effective even if it was "affordable." It at least had the redeeming diplomatic value of helping to persuade the Soviets that nuclear defenses were a pipe dream and to sign a treaty forbidding them.

When America put multiple warheads on its missiles, one reason was to assure penetration of any Soviet missile defense system. The Soviets will take analogous steps to defeat "star wars," and America will do the same to defeat any Soviet variant. Unless a defense is cost effective, the United States would be driven into bankruptcy trying to match each extra Soviet warhead.

— THE NEW YORK TIMES.

Other Comment

Heroes Amid the Rhetoric

When Challenger exploded and its seven men and women perished, there was, so friends in Moscow tell me, a spontaneous wave of horror and sympathy in the Soviet public. Why has there been almost nothing like that in the West over Chernobyl? In part, it's a matter of presentation. The fearsome film of Challenger's disintegration was given to all the world to see. The long silence of the Soviet government over Chernobyl changed fear abroad into wrath and came to seem like a hostile act — which in effect it was. The propagandists of the West were presented with the issue of the decade.

We know now that, in the horror of Chernobyl, scientists on the site stayed at their posts. It also came out that technicians from all over the Soviet Union have been entering the intense radiation to fight the fire and secure the controls.

A few Western newspapers and broadcasts speculated on the awful courage of these men (and possibly women), and on what could be happening to their bodies. But for the most part a combination of Soviet dislike of "personalization" and Western indifference have kept them on the margin of the picture. It was not until last Wednesday that Mr. Gorbachev called them "heroic" — still without details.

But they were, and are, heroes.

— Neal Ascherson in The Observer (London).

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OPINION

Half of Europe's Frozen Surplus Is Inedible

By Giles Merritt

BRUSSELS — If reality had any place in politics, or common sense in government decisions, the European Community would in the next few weeks make a giant bonfire of 8 million tons of wheat, several million more of assorted cereals, half of the EC's butter and powdered milk mountains and about two-fifths of its frozen beef stores.

The food in question is inedible and is being stored at immense cost. Thanks to the deterioration that occurs in the cellular structures of all foods, however deeply frozen, say experts like Brian Gardner, a consultant with Agra-Europe, an EC-related agency, about half of the Community's expensively refrigerated surplus stocks are no longer fit for consumption by man or beast.

Paradoxically, the fact that the food is inedible makes it even more difficult politically to destroy it, because that would involve governments in coming clean about the true wastefulness of EC farm policies.

The charade of spending about $1 billion of European taxpayers' money this year on storing unusable food is highlighted by the Chernobyl disaster, which has put the politics of food squarely back in the headlines. One victim of Chernobyl's fallout will be the attempts that were being made to bring some sense to Europe's Common Agricultural Policy.

In order to make up the shortfalls of its radiation-tainted Ukraine grain belt, the Soviet Union may well have to boost this year's planned imports of about 35 million tons of grain by a further 20 million tons. Much of that will doubtless come from the United States, which usually supplies about a third of Soviet grain imports. But enough will also come from Europe to help stave off the EC's latest budgetary crisis, and so remove the need for genuine farm policy reforms.

The EC Commission's Eurocrats cannot help seeing this aspect of the Chernobyl disaster as a stroke of luck. If they can increase last year's sales to the Soviet Union of 7.5 million tons of EC grain by, say, half as much again, then even at the bargain prices the Russians get the EC budget's balance sheet will look healthier.

If one adds the likely effect of that sort of sale in storage savings, the total improvement could be around $500 million. With CAP's total $20-billion-plus spending this year due to push the EC into a serious internal crisis by the autumn, extra funds of that order could avert bankruptcy and thus offer member governments a chance to avoid the divisive negotiations on cutting farm spending that now loom in front of them.

The food politics that Chernobyl is instead awakening are the familiar ones of muddle. The Community has been wrestling with the details of banning food imports from Eastern Europe. And despite the financial advantages of exporting more food to those countries, there will inevitably be discussion about the wisdom of stepping up food sales to Russia.

To the familiar "guns or butter" debate — the idea that by selling the Russians food the West may be letting them divert more resources to arms — there will probably be added a new issue: whether or not tough new nuclear safety and cooperation pledges could be extracted from Moscow as part of the price of additional food sales. With their recent banning of further cheap EC food deals with Libya still fresh in the minds of European governments, the idea of using food deals as a diplomatic weapon is beginning to dawn in Brussels.

What does not seem likely, unfortunately, is that Chernobyl will concentrate attention on the wider issues of giving surplus food to the Third World rather than selling it at uneconomical prices to richer but inefficient producers, and of destroying it once it has deteriorated rather than storing it indefinitely. Yet the arguments for more giveaways, coupled with rigorous destruction deadlines, are compelling.

By 1991 the Community's grain mountain is projected to more than double its present size, reaching 43 million tons. The cost of storing that will be truly prohibitive. As it is, storage and export subsidies currently mop up three-quarters of all CAP spending, leaving Europe's farmers to scramble for the rest.

Sub-Saharan Africa's imported food needs will meanwhile be soaring, in line with its disastrously exploding population. Instead of the present system of hanging onto surplus grain in the hope of finding a buyer — sometimes at only 15 percent of the full market price — the Community would do far better to relieve the Third World's growing grain import bill. Anything would be preferable to the present situation in which good food is being left to rot in the granaries of Europe.

International Herald Tribune.

Radio Free Europe and Radio Liberty in Danger

By Malcolm S. Forbes Jr.

The writer, president and deputy editor in chief of Forbes Magazine, is chairman of the Board for International Broadcasting, which oversees Radio Free Europe and Radio Liberty.

NEW YORK — Radio Free Europe and Radio Liberty are in jeopardy.

The Chernobyl nuclear disaster emphasized the importance of the two stations to the peoples of Eastern Europe and the Soviet Union. As press accounts have confirmed, the stations have been a source of breaking news for audiences in the Soviet bloc and have provided listeners with the practical advice on survival that one might expect of a radio station at times of emergency.

Despite severe jamming, except in Hungary and Romania, more than 50 million adults behind the Iron Curtain listen to the stations at least once a week. One reason for this is that the stations try to concentrate on local events and trends. They are, in that sense, a surrogate domestic radio service for each of these countries.

Yet Radio Free Europe and Radio Liberty may have to stop broadcasting by July 4.

The immediate problem is this: Since the bulk of their operations are in Munich, two-thirds of the costs must be paid in Deutsche marks. That is no problem as long as the value of the dollar does not change. But it has — with a vengeance.

The Reagan administration assumed, for buying purposes, a mark exchange rate of 3.08 to the dollar when the 1986 fiscal year began last fall. Since then the dollar has plunged and now buys only 2.17 marks. With an operating budget of around $100 million (which comes entirely from funds appropriated by the U.S. Congress), this means that the stations face a shortfall of more than $22 million. In a matter of weeks the stations will run out of cash.

An emergency supplemental measure is before Congress that provides, among other things, for an appropriation to make up the devastating foreign exchange shortfall. Support for the full $22 million is imperative if the radios are to keep operating. Congress has always given strong bipartisan support in the past. The question is whether it will do so in an era of tight budgets.

Unfortunately, the emergency supplemental appropriation is part of a larger bill that contains numerous items that the Reagan administration opposes. The White House has indicated that it may veto the bill in its present form.

The Munich operation would then become a victim of a dispute between the executive and legislative branches not of its own making. And delay in funding might prove as deadly as denial. We have little room for maneuver. During the 1970s, shrinking budgets forced the radios to cut personnel from 2,700 to 1,700.

The falling dollar is the immediate peril. But there is a longer-term danger: Many of our transmitting facilities are outmoded. For every dollar we spend on broadcasting, the Soviet Union spends the equivalent of $3 to block the signal. That is why our outdated transmitters must be rehabilitated. There is no point in broadcasting if the message can't get through.

Although their costs are small potatoes by Washington standards, the radios play a vital role for the United States and the West. Change in the totalitarian societies of the Soviet bloc will not come about on the battlefield in this nuclear age. It will come about through internal pressures such as those that brought Solidarity into existence in Poland. Jerzy Urban, the Polish government spokesman, is on record as saying, "If you would close Radio Free Europe, the underground would cease to exist."

In the short term the existence of Radio Free Europe and Radio Liberty is jeopardized by the falling dollar. In the long term the lack of money to rehabilitate transmitting facilities poses an equal threat. Congress should pay attention.

The New York Times.

Philippines: A Motley Crew Heading the Right Way

By Flora Lewis

MANILA — A great deal is made here of the differences in the motley crew that assembled into President Corazon Aquino's government after deposing Ferdinand Marcos. Personal rivalries and jockeying for patronage power are probably more important than contrasts of outlook.

Opposition to Mr. Marcos was the one thing that brought them all together. That may be why President Aquino does not mind Mr. Marcos's continued grasp for the limelight. She says that "it enables us to keep track of what he's up to," but she does not seem to consider him a threat. His noise helps keep her team's cohesion.

The new leaders are not a particularly ideological group — considerably less so than most European governments. They feel intense pressure to produce results, as quickly as possible; it both unites and divides them, as they argue about approaches.

Vice President Salvador Laurel, who has high ambitions for the succession, said with passion in an interview: "This government must succeed. If it doesn't, the Communists will move to take over and the minute the military senses that is coming, they will act first. That will be the end of our chance for democracy."

Although he is the professional politician, Mr. Laurel seems more emotional and misty-minded than the woman who came ahead of him. He is the one who told President Ronald Reagan in Bali that he had "cobwebs of doubt" about U.S. support, and who argues that the new Manila government's troubles should earn it unlimited indulgence. He does not appear very practical.

But the dominant theme stressed by the new leaders is sound. They say democracy means that individuals and communities must seize the initiative instead of waiting for government programs and largesse, that "people power" now has to be put to building up the country after the success in tearing down the old regime.

Finances are in a dreadful state and the country needs both an injection of aid to get going and relief from the immediacy of its overwhelming debt. But it also needs to cultivate the new sense of competence and self-reliance that Mrs. Aquino has invoked. America should be supportive without creating a relapse into the feeling of dependency.

Meanwhile, Japan has a greater stake in the Philippines than it is prepared to admit. It should help more, in its own interests and as a way of healing the lingering wounds and animosities from wartime conquests. The country is an important market but has no purchasing power, while the yen has too much. More important, Japan has a strategic interest in the health of Filipino democracy, which requires economic recovery. The two great U.S. bases are critical to the security of Japan. It should regard economic aid as an investment in its own defense, rather than arguing, as some Japanese leaders do, that it should wait to make sure there is political stability.

Drawing by JEAN-POL.

Politics and economics are completely interlocked. Mrs. Aquino has a sophisticated strategy for dealing with the Communist insurgency, which was expanding rapidly under Mr. Marcos. It is surely a mistake to berate her for offering to negotiate with the Communists. She is in effect seeking to isolate them, the better to cope with the hard core of irreconcilable revolutionaries.

The offer of amnesty and cease-fire is aimed at reabsorbing the lukewarm and wavering among the rebels. Rehabilitation takes money, but it will enable the government to show that it has honestly tried for a peaceful, generous solution. The hard-core insurgents are unlikely to accept a cease-fire. They are already purging and killing some comrades who apparently want to turn themselves in.

Meanwhile the army is reorganizing and should be in a far better position to face the holdouts when Mrs. Aquino decides it is time to take the offensive.

Defense Minister Juan Ponce Enrile says, "We will be ready." He seems to admire the president. He told me, "If Marcos had followed the management style of Mrs. Aquino, he might not have faced the debacle." The insurgency is more a political than a military problem, he points out, and Mrs. Aquino will be facing it with broad political support.

The United States is wisely avoiding any direct involvement in counterinsurgency planning. It is, as Mr. Enrile says, an indigenous revolutionary movement, home-trained, and it is best home-fought. The Philippines still have a long way to go, but focusing on the problems should not obscure the prospects. For once, things are heading the right way.

The New York Times.

Seven Ways for America to Be of Help

By Allen Weinstein

WASHINGTON — The honeymoon is over between the United States and the fledgling Filipino government of Corazon Aquino — a fact for which both countries should be grateful.

Tensions began to rise in late April, when key Philippine officials started pressing publicly for new U.S. aid programs. Secretary of State George Shultz responded in early May with the dry observation, "We don't have an infinite capacity to provide money." The secretary's subsequent meetings in Manila with Mrs. Aquino and others appear to have ended such public exchanges, but the seeds of disillusionment have clearly been planted on both sides.

By now the new team in Manila is entangled in the prosaic intricacies of governance — a nearly bankrupt Treasury, political institutions in shambles, almost 70 percent of the population on or below the poverty line, an economy in dramatic decline and a Marxist-led insurgency.

What can the United States do to help? Here are seven proposals for raising the economic water table in Manila that require, at the outset, expenditures mainly of imagination and initiative — by both the public and private sectors in the Philippines and the United States.

- Washington should increase significantly, and quickly, the U.S. sugar quota for Philippine producers.
- It should send to Manila a mission of leading officials from the Department of Commerce and the trade representative's office. Their task would be to recommend concrete and immediate cooperative steps to increase Philippine exports other than sugar to the United States.
- It should create a task force of U.S. and Philippine officials to review what happens to the vast amounts of money America spends on construction at its Clark Field and Subic Bay bases. There must be ways of injecting this money more directly into the economy of the Philippines.
- A program should be developed — it could be sponsored jointly by the U.S. government, with the support of the Overseas Private Investment Corporation, and the Philippine Ministry of Trade and Industry — to arrange visits by major U.S. companies, banks and venture capitalists. Many have already been struck by the Aquino government's interest in deregulation and privatization and would like to explore the possibilities for new and expanded private American investment.
- Mrs. Aquino should accept President Ronald Reagan's invitation to visit the United States, preferably in the next few months. A visit is essential, both to establish personal rapport and to set cooperation in motion at the highest level.
- Washington should create — with support from U.S. business and labor leaders, Filipino-American groups and others — a "Philippine-American Society" modeled after The Americas Society. That group has been instrumental in stimulating U.S. private sector development, investment and trade in Latin America.
- Mr. Reagan should appoint a White House commission, headed by a respected American business figure, to study and report within 90 days on future prospects for a long-term, primarily private-sector approach to strengthening the Philippine economy. The commission's recommendations could provide a basis for accelerated American economic involvement in the Philippines, and its very existence would reaffirm the historic commitment of the United States to Philippine democracy.

The writer, president of Boston University's Washington-based Center for Democracy, served on the U.S. delegation sent to observe the Philippine presidential election in February. He contributed this to The New York Times.

Suppose Waldheim Is Elected

By Marvin Hier and Abraham Cooper

LOS ANGELES — How should the United States respond to the prospect that 2.3 million Austrians — 49.6 percent of the voters — have virtually assured Kurt Waldheim's election as president?

Neal Sher, director of the Justice Department's Office of Special Investigations for Nazi War Criminals, has urged that Mr. Waldheim, if he wins in a runoff vote on June 8, be barred from entering the United States on the basis of unresolved allegations made by Yugoslavia in 1947 that as a German lieutenant he was guilty of "murder and slaughter" during World War II. Under U.S. law, it would seem that, as an alien, Mr. Waldheim would have to prove those charges false before being permitted to come to the United States.

The question remains whether, if Mr. Waldheim is elected, Secretary of State George Shultz should slap the face of a friendly society because the Austrian may have been guilty of serious war crimes more than 40 years ago. And if he were placed on America's "watch list" of undesirables, would the United States not be guilty of using a double standard in international affairs?

The United States deals every day with nations and diplomats who lie and revise history as a matter of policy. Further, the real world dictates that Washington conduct business

Will he review a White House honor guard?

with murderers, human rights abusers and petty dictators. So why treat the former United Nations secretary-general differently?

But Mr. Waldheim's trail of deceit is different. We are concerned not only about his untruths about his wartime role but also about the implication that they are accepted by his countrymen. Such acceptance suggests an indifference to the clearest manifestation of evil in the history of mankind — the Third Reich. It brings into focus the doctrine that seeks to heap the Nazis' crimes on the same pile with all wars of history while blurring the distinction between perpetrator and victim.

If America joined in concluding that Mr. Waldheim's untruths are irrelevant, and that a full disclosure and investigation of existing documentation in Yugoslavia should not be pressed, then the Nazis and their contemporary apologists are right in positing that there was no difference between the gas chambers of Auschwitz and the bombing of Dresden.

Proof that this dangerous idea is gaining momentum lies in the fact that the West German chancellor, Helmut Kohl, rushed to Mr. Waldheim's defense before the election.

Describing him as a "great patriot," Mr. Kohl called into question the "arrogance" of those in the postwar generation who have challenged Mr. Waldheim's deception. But if there is "arrogance" present, it is in the person who buried the truth 40 years ago, who said in his 1977 autobiography, "The Challenge of Peace," and again in a book this year, "Eye of the Storm," that he had been medically discharged from the German Army in 1941 and had resumed his studies at the University of Vienna.

He not only buried his service in Hitler's army, he omitted any reference to his two key superiors between 1942 and 1945 — Major General Friedrich Stahl and General Alexander Löhr, both involved in war crimes. He would have the world believe that for 40 years he was not even curious about why they were executed. He has the audacity to assert that he knew nothing of the deportation of Greek Jews until March 1986.

Many former Wehrmacht officers who were much more deeply involved with Hitler's war effort were able to advance their postwar careers by coming clean about their past. That Mr. Waldheim continues with this masquerade would seem to indicate that there is more in his past that he does not want revealed.

By barring him from reviewing a White House honor guard and moving proudly in America's social and governmental circles, the United States would signal to the world that, just as it will never be an advocate of collective guilt, it will never join forces with those whose arrogance promotes collective innocence.

Mr. Hier is dean of the Simon Wiesenthal Center of Holocaust Studies. Mr. Cooper is associate dean. They contributed this to The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

1911: 'Game of Princes'

PARIS — [A Herald editorial says:] "Only 50 years ago, even men who made sport the business of their lives would have looked blank at a question on polo. In 1911, it is the sport of the day. Learned from hard-riding Rajputs by the Englishmen who ruled India, polo was introduced to England about 1865. Today, many adversaries worthy of the princes of India may be found. Spain furnishes a brilliant quota of horsemen led by a King whose skill is known. French and English cavalry regiments and fox hunts give their countries riders second to none. German, Hungarian and Belgian sportsmen ride in the front rank. That America's champions hold a pre-eminent position is shown by the Meadow Brook team's victory last year in the International Cup. The progress of the Game of Princes has been phenomenal."

1936: A Mutiny in Spain

MADRID — Eighteen cavalry officers were imprisoned at Guadalajara [on May 18] after a clash between Reds and Fascists. The officers had complained to the mayor that he had failed to maintain public order, and one of them is alleged to have fired upon a group of factory workers, wounding several. The officers refused to obey orders transferring them to another regiment, whereupon detachments of Storm Guards surrounded the barracks, forcing them to surrender. Meanwhile, a Socialist worker was killed and 17 persons, including four Fascists, were injured in a fight between Reds and Fascists at Aspariegos. Civil guards restored order, firing into the air over the crowd, but the workers declared that they were fired on by the Guards. A general strike has been declared in Zamora province.

مكتبة الأصل

هكذا صدر الأصل

OPINION

Tax Reform and Television Converge on Senator Dole

By George F. Will

WASHINGTON — Presidential elections are among the devices that Americans use to prevent life from becoming dull, and the next one will be enlivened by a fellow who today is smack where he wants to be — in the Senate, leading a majority, handling a hot issue, on television.

Tax reform and television are arriving in the Senate simultaneously. Bob Dole has a talent for luck.

He is reaping rewards from what other senators have sown. Bob Packwood's work in the late 1970s as chairman of the Senate Republican campaign committee is one reason there is a Republican majority for Mr. Dole to lead. As chairman of the Finance Committee, Mr. Packwood now hands Republicans what many think is the galvanizing issue — tax reform — they need to keep control of the Senate in this autumn's elections.

President Reagan declared tax reform his top domestic priority but failed to get the public excited about abstractions like "simplicity." Mr. Packwood found something simple enough to arrest attention: a number, "27 percent" — the top rate for personal income.

Tax reform will be debated on television, with Mr. Dole front and center on the Senate floor, largely due to the efforts of then Senator Howard Baker, Mr. Dole's friend and rival for the 1988 presidential nomination. Mr. Baker championed television in the chamber. Beginning in June, television viewers will see Senate floor action (and learn that "action" is not always the word).

The pretense is that the presence of the cameras (they are rented and on temporary tripods) is just an experiment. The truth is that the senators will remove the dome over the rotunda before they will remove the cameras. Even we who oppose the intrusion of cameras into a deliberative body must admit that the place looks splendid on the closed-circuit coverage already begun. For reasons relating to the size, color and lighting of the Senate chamber, it looks markedly better on television than the House does. It is an elegant sound stage for presidential campaigning.

David Keene, who worked for Ronald Reagan in 1976 and George Bush in 1980 and now works for Mr. Dole, says: Assume the front-runner, Mr. Bush, falters. Then Jack Kemp and Mr. Dole are the first tier and Mr. Dole is better able to sustain a long campaign because he is at ease with a wider range of issues.

One of Mr. Dole's defects, as a candidate, is that he is so well thought of in Washington. Among senators and other prominent players he, along with Howard Baker, is considered the most qualified Republican. Still, he can survive the taint of Washington approval because, says Mr. Keene, he comes from the Midwest, the region "most in sync" with what the nation wants.

Mr. Dole has what football coaches call "schedule luck." The Iowa caucuses come first and, because of the farming depression, "Iowa is a foreign country." Mr. Reagan's popularity there is down. Mr. Dole should benefit from his strong identification with agricultural constituencies. Besides, Mr. Bush will have "expectation problems" because in 1980 he beat Mr. Reagan in Iowa (although with only 32 percent of the vote).

Sitting in shirt-sleeve comfort in the majority leader's Capitol office, with its unrivaled view of the Mall, Mr. Dole is looking in his mind's eye at a 1988 Southern regional primary. He says his agricultural involvement, his military record and his wife — Elizabeth, the secretary of Transportation, is from North Carolina — will help.

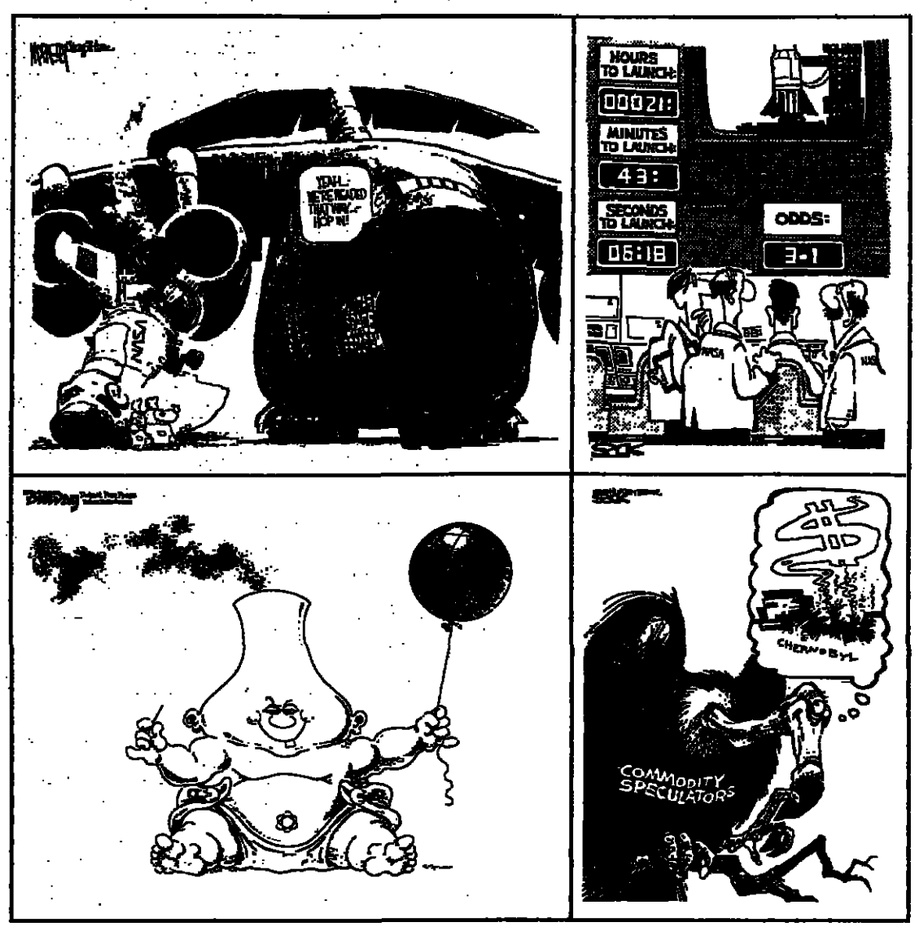
But when senators run for president by citing their laundry lists of votes for this and that, they lack a clear theme. Mr. Dole has a traditional conservative's (which means a non-neo's) dislike for the budget deficit. So when asked to distill Doleism into a single word, he says: "Solvency." Then he laughs.

He laughs a lot. He is the wittiest senator. He knows it is cockeyed to think the electorate will rally 'round a banner bearing the word "Solvency." It might as well say "Oatmeal," which also is healthy but boring.

His theme will be "leadership," sanctified by loyalty to Mr. Reagan. His 1985 rate of support for Mr. Reagan, 92 percent, was the Senate's highest.

Leadership and laughter. Sounds like good television.

Washington Post Writers Group.



Everybody Can Now Create And Write What He Feels

By Roxana Morduchowicz

BUENOS AIRES — I asked myself: How do you teach children who have known only tyranny that suddenly it's all right to speak freely?

During eight years of military dictatorships, nobody could ask questions openly. Censorship and fear filled the air. "To talk" and "to listen" were verbs of dangerous conjugation. People who spoke their minds "disappeared."

MEANWHILE

Then in 1983 Argentina awoke from its nightmare. In free elections, the people chose a democratic government. The years of silence were over.

But people were still afraid.

Children under 14 had never gone to school in freedom. If democracy was to survive, children would have to learn to use their freedom.

This was something I had thought about for a long time. Two years before the dictatorship ended, when I was 20, studying literature and working in the underground in Buenos Aires, I found an answer: When freedom finally came I would start a magazine written by children; 10-, 11- and 12-year-olds in public primary schools would be the "journalists" of a monthly in which they could write whatever they wished.

When the tyrants fell, I knocked on the door of the Buenos Aires Department of Education and explained my idea to the secretary, Juan Correa. He agreed to the project and hired me, but there was one condition: For the first year, I would have to work alone.

I started in March 1984, the beginning of autumn and a new school year in Argentina. In a city as large as Buenos Aires, with more than 6 million people, I decided to begin with one neighborhood, a poor one, with 1,000 pupils.

The children and I worked for two months. They used letters, poems, stories, humor, games. They wrote about politics and their hopes for democracy. They interviewed the secretary of education and asked him about the past and the future. They named the magazine "Entre Todos" (Among Us All).

In May 1984 the first issue — 20 newsweekly-sized pages, some in color — rolled off the city government's press and went out, free, to all the children in the district, as well as to their teachers.

What did the magazine mean to them? Only people who saw their faces as they turned the pages could know.

We could go on.

In August of that year, after our winter school vacation, we added two school districts. By the end of the year we were reaching 6,000 children.

In 1985, Secretary Correa allowed me to hire four assistants. By the beginning of 1986 we were reaching 20,000 children in 200 schools.

We still have a way to go. Our goal is to involve all of the 50,000 children in Buenos Aire's 450 public primary schools over the next two years.

Despite the growing number of children in our program, we do not work by mail. We want the children to know who we are, so the five of us go out to the schools and work directly with the children and their teachers. We try to visit 50 schools a week.

I know it may sound hard to believe but we do not change anything the children write. We even printed a letter from an 11-year-old boy asking to meet "a tall, thin, blond girl" his age to "go out with on Saturday afternoons." A girl answered him. We printed her letter.

Readers sense that the writers speak their minds. So reader and writer experience the exhilaration of free speech.

The magazine also enables the children to see that life consists of more than just their classrooms and their homes, and that many other children in their big city feel the same things they feel. They discover society as a whole.

As one writer put it: "Children who copy their words from other magazines and send them to this one are lazy. Everybody can write a very nice work of his own. Because everybody now can create and say what he feels. Don't walk the way other people do. Walk in your own way and leave your own tracks."

The writer is education editor of La Razón, a Buenos Aires daily newspaper, and director of the Journalism for Children program in the Buenos Aires Department of Education. She contributed this to the South-North News Service.

LETTERS TO THE EDITOR

The Merits of Solar Energy

Three Mile Island was a first warning. The Chernobyl disaster is a much more serious one. The world cannot afford to wait for a third. Surely the time has come to cancel plans for new reactors and dismantle existing ones worldwide.

Solar energy creates neither potentially lethal fallout nor the problem of radioactive waste disposal. Once in place, a solar plant has minimal running expenses. If "advances could reduce the cost of generating solar energy so much that it would rival conventional fuels by the end of the century," *("Super Cells: New Dawn for Solar Energy," May 8)*, why are we dragging our feet? No matter what the expense, it cannot approach the cost, to human health and lives and to the very future of the planet, of even one nuclear explosion.

It goes without saying that the abolition of nuclear energy must extend to the abolition of nuclear arms.

JOAN SMITH.
Rome.

Terrorism and So Forth

We have in the world a violent left and a violent right. In world affairs there is sanity when the West groups against terrorism and singles out Libya as a terrorist country. But there is sanity in seeing clearly that the bombing of Libya was a terrorist act, too.

Third World countries predictably shrieked "U.S. aggression." Then the Chernobyl nuclear power accident took the place of Libya as top news. This time the West criticized Moscow for not reporting the accident sooner.

East-West, left-right — but what about those who suffered?

GEORGIA PINE.
Formentera, Baleares, Spain.

I think it is only fair that American athletes should not want to venture to a Europe that they think is overflowing with terrorists *("U.S. Athletes Rethink Competing Abroad," May 12)*. Similarly, Europeans have been known to be reluctant to visit the United States for fear of being scalped by Red Indians or shot down in the cross fire of gang wars.

FRANK LUDWIG GROSSMANN.
Milan.

It is in fact communism that President Ronald Reagan is fighting and not terrorism or Colonel Moamer Qadhafi. Before long Mr. Reagan may wish to bomb Moscow. If Colonel Qadhafi is involved in terrorism, it is a threat only to some of us. But if Mr. Reagan is allowed to continue like this, it will be a threat to all of us, Communist or non-Communist.

N.R. BJELOVUK.
Belgrade.

A Bastille Day Invitation

You quote Texas billionaire H. Ross Perot *(Business Profile, May 10)* as saying about the French:

"We saved their nation twice in this century. I would like for every French leader to go to the cemeteries at Normandy, where the American fighting men who fought for France are buried, and examine their consciences. If we ever start to consider spilling a drop of American blood for the French, I'll use every resource to see that we don't."

I was very upset by this statement. The French-American alliance is an old love story. Differences of opinion sometimes occur. U.S. planes were not allowed to fly over France en route to Libya, but then they never made it to Dien Bien Phu in France's time of need.

Mr. Perot might reflect that this year a lot of French people will bravely face the security problems of the New York subway to celebrate the 100th anniversary of a monument paid for by a national collection in every French school — the Statue of Liberty.

I would like to invite him to Paris for our national holiday on July 14. We would take him to the military parade on the Champs Elysées, where he will see brave soldiers who have been fighting Moamer Qadhafi in Chad for the last five years. Then we would take him to visit the place where the king of France and Benjamin Franklin signed the treaty of 1778 by which France became the first nation to recognize the independence of the United States. We would also visit the place where the Treaty of Paris was signed in 1783 by which the king of England gave up his North American colonies.

Come and have a happy Bastille Day, Monsieur Perot.

DANIEL JOUVE.
Paris.

The First Man on Everest

Regarding "Conqueror of Everest, Tenzing Norgay, Dies" (May 10):

The passing of Tenzing Norgay leaves only one man who can answer the question of who actually was the first to step onto the pinnacle of Mount Everest. Was it the Nepalese porter, or the New Zealand beekeeper? I think Sir Edmund Hillary, who will be 67 in July, owes it to history to set the record straight before he, too, makes his final ascent.

BRUCE J. PHILLIPS.
Feldkirch, Austria.

A medical revolution. Written by Dornier.

Three years ago, DORNIER research triggered a revolutionary medical invention: the DORNIER Kidney Lithotripter. Developed in cooperation with leading medical authorities, the Lithotripter eliminates surgery to remove kidney stones, in 9 out of 10 cases. The basis of the treatment is innovative technology that uses shock waves.

For 19 years, DORNIER has conducted advanced research into the medical uses of shock waves. Shock waves can penetrate body tissue without damage. Yet, when they strike a kidney stone with full force, the shock waves destroy it. The kidney stones are split into tiny particles no larger than grains of sand. The patient then passes the particles. Patients generally leave the clinic 2 – 4 days after treatment.

More than 150 DORNIER Kidney Lithotripters are at work in leading clinics worldwide and the number is steadily rising. Every five minutes, somewhere in the world, kidney stones are removed without surgery.

The key to the breakthrough in kidney stone treatment is the extensive knowledge about shock waves amassed by DORNIER scientists. DORNIER'S expertise in aeronautical engineering also played an essential role. Whether building airplanes or complex medical equipment, there is one absolute priority: protecting human life.

Other companies may also construct machines that crush kidney stones. Yet, none of these potential machines will possess the most vital feature of a DORNIER Kidney Lithotripter: the guarantee of safety gained through the successful treatment of more than 100,000 patients. Only one company in the world can pledge this safety: DORNIER.

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May 15

Amt	Security	Str/ Conv	Issue Pr.	Mid Pr.	Yield
dm 300	Ireland	5¾ % '96 May s	99½	97⅝	6.77
$ 200	Ford Motor Credit Co	7¼ % '89 May s	100¼	97¾	8.28
dm 750	Deutsche Bank Finance	5⅝ % '96 May s	100	97¼	6.00
ecu 100	Banque National Paris	7¼ % '93 Aug s	100½	99¼	7.16
ecu 100	Ireland	7⅛ % '96 May s	100½	96⅛	7.66
$ 200	Petro-Canada	7¾ % '96 May s	100¼	97	7.69
$ 250	Electricite France	7⅞ % '06 May s	101½	94½	8.45
$ 750	Electrolux	7⅝ % '93 May s	100½	93½	8.91
$ 150	Betawest Properti Inc	7¼ % '93 Jun s	100	94⅛	8.83
$ 100	First Boston Inc	7½ % '96 May s	99	93	8.03
$ 100	Honeywell Inc	7⅞ % '96 May s	100⅞	97	8.33
dm 200	Dow Chemical Co	5⅛ % '96 May s	100	95	6.21
$ 200	Pepsico Inc	7⅞ % '93 May s	100¼	95⅛	8.20
$ 125	Caisse Nat Cred Agric	7½ % '96 May s	100½	97⅞	7.83
dm 150	Eib Europ Invest Bank	5¾ % '16 May s	100	97¼	5.93
$ 100	Campbell Soup Co	7⅝ % '98 Apr s	97¼	94⅛	8.26
$ 100	Union Pacific Corp	7⅞ % '96 May s	99¾	95⅛	8.24
$ 150	Citicorp	8 % '93 May s	100⅞	98⅞	8.09
ecu 75	Giroz Bank Sparkassen	7 % '93 Oct s	100⅛	98⅝	7.19
ecu 75	Rabobank Nederland	7½ % '96 May s	101	101⅛	7.25
$ 110	Deutsche Siedlungs Bk	7½ % '96 Apr s	100	95	8.25
dm 100	Stewe Ag	5½ % '96 May s	100	94⅛	6.26
y 25000	Dow Chemical Co	6⅛ % '01 Apr s	101¼	98½	6.53
$ 100	Credit Equipm Petit M	7¼ % '96 May s	100¼	90⅛	9.27
$ 105	Statoil Den Norske	7 % '89 Apr s	101	97⅛	7.93
dm 250	Belgium	5½ % '96 Apr s	100	94⅛	6.26
dm 300	Bank Of Nova Scotia	6 % '96 Apr s	100¼	94	6.46
dm 125	Quebec Hydro	5⅞ % '96 May s	100	94⅛	6.22
dm 150	Quebec Hydro	6 % '16 May s	100	97¼	6.08
dm 200	Bmw Finance	5¼ % '96 Apr s	100	94¼	6.03

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ICELAND

$ 20 Iceland · $ 50 Iceland

IRELAND

$ 150 Ireland 9⅝ '96 Mar 101½ 8.82 9.86

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$ 200 Italy · $ 150 Italy · $ 50 Consorzio Di Credito · $ 50 Enl Ente Naz Idrocar

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FOREIGNTARGETED BONDS OF THE US TREASURY AND OF ITS AGENCIES

$ 1000 Us Treasury · $ 1000 Us Treasury · $ 1000 Us Treasury · $ 1000 Us Treasury · $ 300 Fed Home Loan Banks · $ 300 Fed National Mort Ass · y 40000 Fed National Mort Ass · y 25000 Student Loan Mark Ass

HIGHEST YIELDS
to Average Life Below 5 Years

Amt	Security	% Mat	Middle Price	Mat	Ave Life	Curr
$ 15	Ward Foods O/s Capita	5¾ '88 Nov	79	16.79	18.16	7.28
$ 125	Pemex Petroleos Mexic	11½ '88 Jul	94	14.94	15.52	12.23
$ 40	Mexico	8½ '87 Mar	94	13.79	13.82	8.85
$ 30	Mexico	8⅝ '91 Dec	85	12.62	13.50	10.29
$ 50	Uar O/s Finance	13½ '88 Oct	101½	12.44	12.60	13.30
$ 65	Eec Europ Econom Com	14⅝ '93 Apr	118	12.50	11.44	12.41
$ 60	Newfoundland Province	13½ '90 Feb	105	11.71	11.13	12.86
$ 75	Forsmarks Kraftgrupp	13⅝ '92 Oct	108¾	11.83	11.11	12.72
$ 75	Sncf Nat Chemins Fer	13 '91 Feb	105½	11.47	10.95	12.35
cs$ 25	Ias Canadian Finance	10 '86 Aug	99	14.49	14.16	10.10
cs$ 25	Sdr Develop Regional	15½ '92 Apr	106½	13.79	12.92	14.55
$ 12	Rothschild Inv Holdin	14½ '90 Aug	105	12.85	12.83	13.81
cs$ 25	Texasgulf Canada	10 '86 Jun	99¾	12.51	12.74	10.03
nkr 100	Norges Hypotekforenin	10½ '88 Apr	98⅝	11.47	11.49	10.67

to Average Life Above 5 Years

Amt	Security	% Mat	Middle Price	Mat	Ave Life	Curr
$ 50	Dome Petroleum	10 '94 Jul	89½	12.08	12.61	11.17
$ 50	Ingersoll-Rand Intl	13¾ '92 Oct	107½	11.85	11.49	12.31
$ 70	Caisse Nat Autoroutes	15⅝ '97 Mar	128⅛	12.29	11.49	12.15
$ 75	Intl Standard Electri	12 '96 Mar	104	11.29	11.05	11.54
$ 30	Hudsons Bay	10 '94 Feb	89½	12.27	10.38	11.15
$ 100	Alaska Housing Fin Co	11⅝ '94 Feb	107	10.37	10.32	10.86
$ 40	Ottawa-Carleton	14⅝ '97 Jun	119	11.61	10.07	12.29
$ 20	Macmillan Bloedel	9¼ '93 Mar	97	9.86	9.94	9.54
$ 50	Japan Airlines	11 '97 Nov	107	9.95	9.87	10.28
cs$ 50	Canadian Utilities	17 '94 Dec	120	12.20	12.57	14.17
cs$ 40	Royal Bank Of Canada	17 '94 May	125	12.88	12.60	13.60
cs$ 40	Royal Bank Of Canada	9 '92 Feb	95½	9.91	9.91	9.42
$ 50	Indust Bank Japan Fin	11⅛ '95 Dec	112⅝	9.11	9.77	10.11
ecu 60	Industrial Bk Finland	9 '95 Oct	107	7.98	7.71	8.41

HIGHEST CURRENT YIELDS

Amt	Security	% Mat	Middle Price	Mat	Ave Life	Curr
$ 175	Mexico	16⅛ '97 Jul	105	17.41		17.62
$ 75	Pemex Petroleos Mexic	17½ '86 Nov	99½	17.85		17.59
$ 60	Gulf States O/s Finan	17½ '90 Oct	104	15.23		16.83
$ 75	Transcanada Pipelines	17¼ '88 Oct	105½	14.78		16.82
$ 75	Ohio Edison Finance	17⅛ '88 Oct	106	14.59		16.75
$ 75	Genstar	17 '88 Oct	105½	14.83		16.40
$ 100	Tenneco Intl	17⅞ '89 Oct	106½	15.50		16.39
$ 50	Winnipeg City	17 '88 Oct	104½	14.10		16.27
$ 50	Niagara Mohawk Financ	17 '89 Sep	106	14.50		16.04
cs$ 50	Hudsons Bay	17 '89 Oct	102	14.59		17.65
cs$ 50	National Financiera	17¾ '87 Oct	101½	16.59		17.48
cs$ 50	Quebec Province	17½ '89 Oct	103½	15.82		17.26
cs$ 100	Feder Business Dev Bk	17¾ '88 Oct	103½	15.71		17.03
cs$ 40	Canadian Pacific	17¼ '87 Nov	103	15.12		17.03

DM STRAIGHT BONDS

AUSTRALIA

dm 100 Australia · dm 200 Australia Pp · dm 200 Australia · dm 150 Australia Pp · dm 200 Australia · dm 100 Hamersley Iron Fin · dm 100 Mount Isa Finance · dm 200 Westpac Banking Co

AUSTRIA

Austria · Austria Pp · Asfinag · Austrian Control B Pp · Austrian Control Bank · Austrian Electricity · Austrian Industry · Donaukraftwerke Ag · Giroz Bank Sparkassen · Kelag Kaernten Elekt · Oest El & Wirtschaft · Pyhrn Autobahn · Stewe Ag · Tauernautobahn Ag · Vienna City · Voest-Alpine

BELGIUM

dm 200 Belgium Pp · dm 200 Belgium · dm 100 Belgelectric Finance · dm 100 Belgelectric Finance

CANADA

Canada · Air Canada · Amca Intl · Amca Overseas Finance · Bank Of Nova Scotia · Brascan Intl · Canadian Imperial Bk · Export Develop Corp · Manitoba Hydro-Electr · Manitoba Province · Montreal City · New Brunswick Provinc · Newfoundland Province · Nova Scotia Power · Nova Scotia Province · Ontario Hydro-Electr · Ontario Province · Quebec Hydro · Quebec Hydro-Electric · Quebec Province · Royal Bank Of Canada

CHINA

dm 150 Bank Of China 7 '92 Jun 103⅛ 6.29 6.76

DENMARK

Denmark · Denmark Pp · Copenhagen City · Copenhagen Handel W/w · Copenhagen Handel X/w · Copenhagen Telephone · Den Danske Bank · Ekom · Jutland Telephone · Mortgage Bank Denmark · Mortgage Bank Denm Pp · Superfos

FINLAND

Finland · Helsinki City · Ind Mtge Bank Finland · Neste Oy · Rautaruukki Oy · Tvo Power Company · Union Bank Of Finland

FRANCE

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GERMANY

Asko Finance W/w · Asko Finance X/w · Audi Finance · Bayer Capital Corp Pp · Bayer Capital Cor W/w · Bayer Capital Cor X/w · Bhf-Bank Finance W/w · Bhf-Bank Finance X/w · Bmw Finance · Degussa Intl Fin · Deutsche Bank Finance · Deutsche Bank Fin W/w · Dresdner Finance W/w · Dresdner Finance X/w · Helaba Finance · Hoesch Intl Finance · Kaufhof Finance W/w · Kaufhof Finance X/w · Kloeckner-Humboldt · Linde Intel W/w · Pwa Finance W/w · Thyssen Caribbean Pp · Thyssen Caribbean Fin · Veba Intl Finance X/w · Veba Intl Finance W/w · Volkswagen Intl Fin · Volkswagen Intl F W/w · Wella Intl Financ W/w

HUNGARY

dm 150 Nat Bank Of Hungary 7 '93 Oct · dm 150 Nat Bank Of Hungary 7¼ '96 Feb

ICELAND

dm 50 Iceland 7¼ '87 Apr 102⅝ 4.62 4.62 7.06 · dm 75 Iceland 9¼ '92 Jun 112¼ 6.72 8.24

INDIA

dm 100 Indust Dev Bank India 7 '93 Feb 101 6.80 6.93

IRELAND

Ireland · Ireland Pp

ITALY

dm 100 Azienda Nazion-Strade · dm 200 Consorzio Di Credito · dm 100 Crediop Credito Opere · dm 150 Ferrovie Dello Stato · dm 100 Ferrovie Dello Stato · dm 100 Olivetti Intl (lux)

JAPAN

Bank Of Tokyo Curo Pp · Bank Of Tokyo Curacao · Dai-Ichi Kangyo Bank · Fuji Electric Co W/w · Fuji Intl Finance Hk · Honda Motor Co W/w · Honda Motor Co X/w · Indust Bank Japan Pp · Indust Bank Japan · Japan Airlines · Japan Develop Bank · Japan Finance Municip · Jusco Co Ltd W/w · Kobe City · Kubota Ltd · Long-Term Credit Bank · Marubeni Showa W/w · Mitsubishi Heavy W/w · Mitsubishi Heavy X/w · Mitsubishi Metal W/w · Nippon Credit Bank · Nippon Shinpan W/w · Nippon Shinpan X/w · Nippon Steel Corp · Nippon Telegra Teleph · Rhythm Watch W/w · Rhythm Watch X/w · Sumitomo Finance Asia

LUXEMBOURG

dm 100 Sec Centr Nucleaires · dm 150 Sec Centr Nucleaires

MEXICO

dm 100 Mexico · dm 150 Comision Fed Electric · dm 150 Nacional Financiera · dm 150 Pemex Petroleos Mexic

MISCELLANEOUS

dm 100 Arab Banking Corp · dm 120 Ind Minin Dev Bk Iran · dm 100 Korea Exchange Bank · dm 100 Malaysia · dm 150 Mepol Finance · dm 100 Trans Europ Natur Gas

NETHERLANDS

dm 200 Amro Bank · dm 200 Bader Travenol Intl · dm 100 Commodore Finance · dm 100 Estel (hoesch-Hoogov) · dm 150 Hoogovens · dm 100 Nederlandse Gasunie · dm 75 Philips Gloeilamp Pp · dm 250 Philips Gloeilamp W/w · dm 150 Philips Gloeilampen · dm 200 Rabobank Nederland

NEW ZEALAND

New Zealand

NORWAY

dm 75 Ardal Og Sunndal Verk · dm 50 Bergen City · dm 125 Den Norske Industrbk · dm 100 Norges Hypotekforenin · dm 250 Norges Kommunalbank · dm 100 Norges Kommunalbank

(Continued on next left-hand page)

ZERO-COUPON BONDS

May 15

Security · Final Maturity · Original Offerings: Amt · Year · Price · Offered Price

American Intl Group · Asian Develop Bank · Atlantic Richfield Os · Baker Intl Finance · Beatrice Foods O/s · Belgium · Campbell Soup O/s Fin · Caterpillar Fin Serv · Centrust Savings Bank · Commerzbank · Connecticut Mut Life · Dow Chemical · Du Pont Overseas Cap · Eksportfinans · Electricite France · Exxon Capital · Florida Feder Savings · Gaz De France · General Electric Cred · General Mills Inc · Gmac O/s Finance · Gulf Oil Finance · Hewlett-Packard Fin · Italy · Nordic Investment Bk · Pearson · Penney Jc Global Fin · Pepsico Capital · Philip Morris Credit · Prudential Realty Sec · Redland Finance · Reynolds RJ O/s · Sears Overseas · Swedish Export Credit · Swiss Bank Corp · Wells Fargo Intl Fin · World Bank · Xerox Credit O/s Fin

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مكتبة الأصل

هكذا امنة الأصل

Herald Tribune. INTERNATIONAL

BUSINESS / FINANCE

EUROBONDS

Market Fears Red-Ink Bath From Rising Interest Rates

By CARL GEWIRTZ
International Herald Tribune

PARIS — Months of experience that bond prices do not matter, that losses are written in invisible ink that disappears as interest rates fall, gave way last week to a sickening fear in the Eurobond market that the ink might ·ow be an indelible red. Prices on Eurodollar issues launched last ·eek dropped almost 5 percent while paper denominated in ·)eutsche marks and yen lost about 3½ percent.

The declines on paper sold within the past few weeks were ·reater, ranging up to 8 percent. The only exceptions were ·rench-franc bonds and all equity-related issues regardless of ·urrency.

The essential cause of the rout is the recent upward move in ·nterest rates. Average yields ·n outstanding five-year Eu·odollar bonds rose last week ·) an average 7.87 percent ·rom 7.58 percent a week ear·er, while the yield on 10·ear paper rose to 8.19 from ·.06 percent.

The decline in prices and ·e in yields here, however, ·ere not as steep as in New ·ork. This caused the gap ·etween the two markets to ·arrow with five-year Euro·ollar bonds now yielding on ·erage 18 basis points, or ·18 percent, over Treasury ·curities compared with 32 ·asis points a week earlier. ·or 10-year Eurobonds the ·read narrowed to 27 basis ·oints from 48 a week ago.

Eurobond Yields
For Week Ended May 14

U.S.$ lg term, Int'l inst.	8.55 %
U.S.$ long term, ind.	8.56 %
U.S.$ medium term, ind.	8.95 %
Can.$ medium term	9.81 %
French Fr. short term	7.96 %
Sterling medium term	9.45 %
Yen medium term, Int'l inst.	6.05 %
Yen lg term, Int'l inst.	6.26 %
ECU short term	7.42 %
ECU medium term	7.81 %
ECU long term	8.10 %

Calculated by the Luxembourg Stock Exchange.

Market Turnover
For Week Ended May 16
(Millions of U.S. Dollars)

	Total	Dollar	Non-dollar Equivalent
Cedel	24,275.40	14,060.00	10,215.40
Euroclear	36,054.30	28,317.80	7,736.50

What really had the market nervous was the fear that interest ·tes might not resume their downward trend.

The Bundesbank did not participate in the last round of rate ·utting, arguing that the weakness of the Deutsche mark within ·e European Monetary System would not allow it. Meanwhile, ·e Federal Reserve is viewed as having its hands tied by the ·ersistent weakness of the dollar and the above-target growth in ·e money supply — both of which, if uncontrolled, could fan ·omestic inflation.

A further complication is that so much paper has been market·. in the Eurobond market. Too much of that has borne terms ·at can only be justified if interest rates continue to fall substan·ally.

THE FRENZIED PACE of business has put the volume of new issues in the first four months of this year equal to just below half of the total for all of last year. The activity in ·pril was almost double the volume of January. The competition ·r this business is also increasing, resulting in extremely aggres·ve pricing.

This situation has created a two-tier market. One tier is the ·w-issue market, where banks clamor to get a portion of the ·mmissions (perhaps also prestige, at least in their own eyes) to ·ost their fee incomes and build assets to replace their dwin·ng loan portfolios. The terms at which the paper is offered have ·en a matter of relative indifference.

The other is the secondary market, where old issues are traded. ·ormally, there is a link insofar as a new 10-year issue for XYZ ·mpany, for example, would be priced to yield just about what · existing 10-year bonds pay.

That link disappeared some time ago thanks to a change in the ·ofile of buyers of the new issues. As a result, existing bonds of · same issuer usually yield significantly more than do new ·ues, which now are priced solely in terms of how much more ·y yield than comparably dated U.S. Treasury paper.

The only "investors" willing to forego the higher yields on the ·condary market are the underwriters, who expect ultimately to · able to unload their holdings at a profit thanks to future ·clines in interest rates.

All this means that there is a tremendous overhang of bonds ·iting to be placed in firm hands. Fear that an avalanche of ·per was about to swamp the market drove many dealers to stop ·oting prices last week.

At present, the banks holding the paper appear to be calm. ·ey are not dumping their holdings, but they are not willing to · on adding to them. The big price declines so far appear to be

See EUROBONDS, Page 11

Bankers Chided On Loans

Lesser Risks Seen In Third World

By John M. Broder
Los Angeles Times Service

PHOENIX, Arizona — Two top monetary officials have urged a group of reluctant bankers to resume lending to troubled debtor nations.

David C. Mulford, assistant U.S. Treasury secretary for international affairs, and Jacques de Larosière, managing director of the International Monetary Fund, told the bankers on Friday that lower oil prices and falling interest rates had made most indebted Third World nations better risks for new loans.

Mr. de Larosière said that banks today are in a favorable position to provide new lending because two years of strong profits have bolstered their capital and bad-loan provisions. Such lending essentially stopped in 1983 after a decade of explosive growth.

"The upshot is that banks are now on a firmer base with which to renew moderate bank lending to debtor countries, just as debtors, with a stronger buffer against external shocks, should be better placed to keep current in their payments obligations," Mr. de Larosière said.

Mexico is an exception, both men noted, because its earnings from oil sales have plummeted, exacerbating an already-serious budget deficit problem and making repayment of its $99 billion in foreign debt much more difficult.

The officials' comments came at the annual meeting of the Bankers' Association for Foreign Trade, a group of 240 banks worldwide involved in international lending.

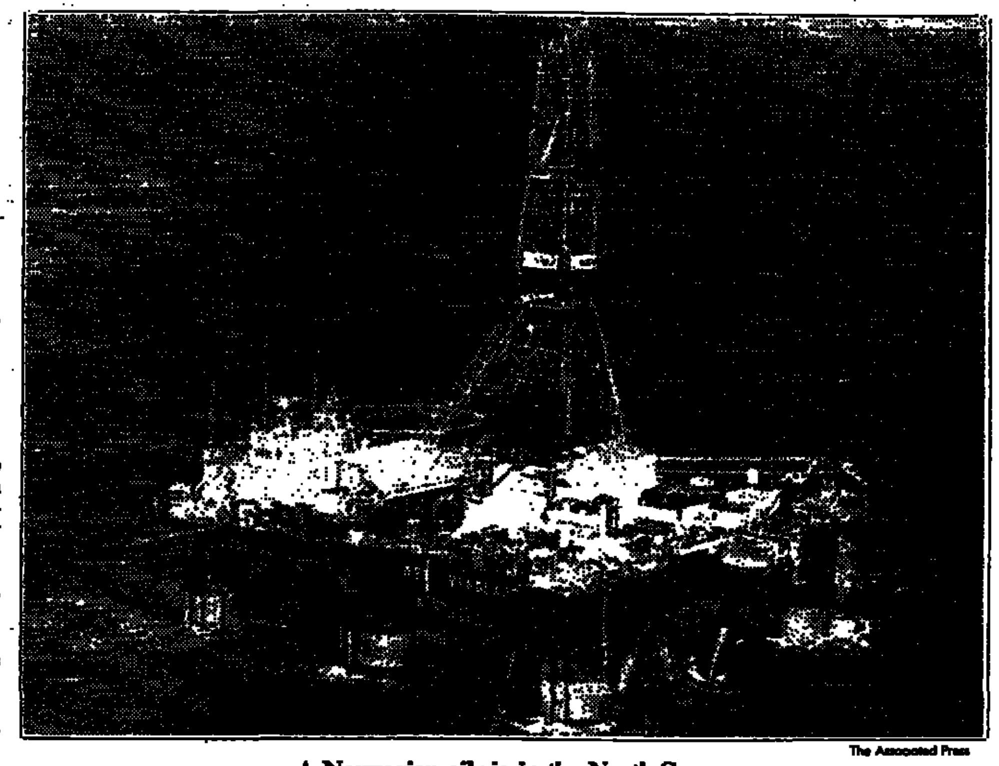
Mr. Mulford chided the bankers for their lack of cooperation with one another and their apparent hard-line stance toward repayments problems of debtor countries, particularly Mexico.

He said that the bankers are waiting until Mexico and other major debtors resolve differences with the IMF and other international agencies before considering new loans.

"Yet I am concerned that not enough has been done by commercial banks to assure that when the time comes, they will in fact be ready to lend," Mr. Mulford said.

He particularly noted that smaller U.S. banks, with relatively minor exposures in the Third World, are expressing a desire to "cut and run" from the debt problem.

He said it is in all banks' self-interest to participate in new lending, if only to protect the value of the loans already on their books.



A Norwegian oil rig in the North Sea. *The Associated Press*

Small Oil Companies Facing Collapse

Price Fall Means Firms Need More Than Luck to Survive

By Bob Hagerty
International Herald Tribune

HOVIK, Norway — From the comfort of an 18th-floor hotel suite in Geneva, Sheikh Ahmed Zaki Yamani recently commented on the plight of small oil companies.

"We heard lately of small producers who are worried, disturbed," said the Saudi oil minister, himself serene as usual. "I wish them good luck."

They will need it. The drop of nearly 50 percent in oil prices since late last year, caused partly by Saudi Arabia's decision to increase production, threatens to devastate dozens of small oil explorers and producers dependent on high-cost crude in the British and Norwegian sectors of the North Sea.

Extracting oil from beneath the North Sea became profitable only in the 1970s, when prices soared to around $40 a barrel. Now, with prices averaging about $15, development of major new fields in the North Sea is stalled, perhaps for years, portending a growing worldwide reliance on oil from Saudi Arabia and other Middle East countries where oil can be produced for as little as $1 or $2 a barrel.

Here in Hovik, a placid, forested suburb of Oslo, is the headquarters of Saga Petroleum AS, the kind of small oil company that can draw little comfort from Sheikh Yamani's best wishes.

Founded in 1972, Saga is Norway's great private-sector hope in the oil industry, a small balance against the much-larger Norsk Hydro AS, which is half-owned by the government, and Statoil, which is fully state-owned.

Saga's ebullient president, Asbjorn Larsen, likes to show visitors a big map on his office wall displaying the company's interests in promising but undeveloped oil fields in deep water off Norway's coast. The problem is that, with current technology, oil prices probably would have to be well above $20 for such remote fields to be profitable. And the banks financing the projects would need to feel confident that oil would not drop below $10 again, as it did briefly this spring.

To disperse the present gloom, Mr. Larsen is counting on new technology that would allow cheaper production, as well as on lower Norwegian oil taxes for new developments and a recovery in oil prices.

"It's not the oil prices today which should go into the estimations" of profits from future oil fields, noted Mr. Larsen, but rather those likely to obtain 5 to 10 years from now. The willingness of banks and investors to finance oil pro-

See OIL, Page 11

Asian Exporters Lend Support to OPEC Oil Limits

By Michael Richardson
International Herald Tribune

SINGAPORE — Independent Asian oil exporters are giving qualified support to efforts by the Organization of Petroleum Exporting Countries to persuade non-OPEC producers to curb output.

Indonesia's energy minister, Subroto, said last week that two of East Asia's three non-OPEC members, China and Malaysia, were ready to cooperate with OPEC in trying to raise prices by controlling production.

He said that he soon would go to Brunei, the third non-OPEC member in the region, for talks with the government on output curbs.

Oil industry sources said Sunday that they expected Brunei, which has huge surplus foreign exchange reserves, to agree to work in concert with OPEC.

The sources said that the climate now appeared to be more favorable for a price and production control accord between most OPEC and non-OPEC members.

But they stressed that non-OPEC countries in Asia and elsewhere would be unlikely to freeze or cut production, as requested by OPEC, unless its 13 members adhered rigorously to a similar agreement.

OPEC is scheduled to hold a ministerial conference in Yugoslavia on June 25 to debate the contentious issue of how to allocate individual production quotas.

In Jakarta on Thursday, Mr. Subroto said that three significant non-OPEC producers outside Asia, Mexico, Norway and Egypt, were ready to cooperate with OPEC. Indonesia is the only OPEC member in Asia.

On Wednesday, after discussions in Kuala Lumpur with Prime Minister Mahathir bin Mohamad, Mr. Subroto said recent firmer prices for crude oil in the spot market showed that they might go up sharply if production cuts were made.

"Higher prices and lower output are better than lower prices but higher output," he said.

After the last OPEC conference in Geneva in April, the organization's president, Arturo Hernández Grisanti, said that a five-man ministerial team from Indonesia, Kuwait, Nigeria, Saudi Arabia and Venezuela would contact non-OPEC producers to ask them to cooperate and evaluate results at a meeting in the second half of May.

[Oil industry sources said Sunday that the five ministers are expected to meet on Friday in the Saudi Arabian resort town of Taif, Reuters reported from Riyadh.]

In March, OPEC sought a 20-percent output reduction from five outside exporters — Mexico, Egypt, Oman, Malaysia and Angola — which together produce about 4.5 million barrels a day, according to OPEC.

In an interview May 9, Mr. Mahathir said that Malaysia would "go along" with an OPEC plan for both member and non-member nations to make substantial cuts in oil production, provided the cartel's members adhered to agreed quotas and prices.

"It makes sense to work together," the Malaysian leader said. "But everybody tries to steal the march on everybody else," he added, referring to past cheating on quotas.

A senior Chinese official was quoted earlier this month as saying that China would freeze oil exports to support OPEC efforts to improve prices on the world market.

Zhang Jingfu, a state councilor on a visit to Kuwait, said in a newspaper interview that China would hold oil exports in 1986 to last year's level of 30 million metric tons, equivalent to 600,000 barrels a day.

Egyptian officials say that since 1985, Egypt's oil exports have been slashed by two-thirds to about 100.000 barrels a day. Other net non-OPEC exporters include Britain and the Soviet Union, the world's largest producer.

In a sharp change of national policy, Norway's new Labor government announced last week that it was willing to cooperate with OPEC in a bid to boost oil prices.

But in London, a spokesman for the Department of Energy said that the British government did not envisage a change in its policy of nonintervention in output from the British sector of the North Sea.

Mr. Hernández Grisanti, Venezuela's energy and mines minister, said in Caracas on April 5 that OPEC planned to cut oil output by about 1 million barrels a day in the third quarter and was seeking agreement of non-OPEC producers for a similar reduction.

He said that at its Geneva meeting, the cartel agreed to set a production ceiling of 16.3 million barrels a day for the third quarter.

However, reports from Geneva when the marathon session broke up on April 21 said 10 OPEC members had tentatively agreed on a limit for overall output of about 16.7 million barrels a day as an annual average.

But Iran, Libya and Algeria had dissented and continued to demand a cut to 14 million barrels.

Analysts note that the 16.3 million barrels cited by Mr. Hernández Grisanti is well below current OPEC output, variously estimated from 17.3 million to 18 million barrels a day, but still above OPEC's old daily quota of 16 million barrels, which was effectively abandoned last December.

Fed Officials, Forecasting Upturn, Unlikely to Push for Lower Rates

By John M. Berry
Washington Post Service

WASHINGTON — A number of senior Federal Reserve officials, like many private economists, generally expect the current sluggish pace of economic activity to quicken substantially in the second half of this year and into 1987.

As a result, the officials are not apt to be pushing for a significant easing of monetary policy at a meeting this week of the Fed's policy-making group, the Federal Open Market Committee.

The officials are uncertain when the speedup will come and how strong it will prove to be. If growth continues for long in the 2-percent range seen by a number of forecasters for this quarter, or if the economy appeared to be weakening, the mood would quickly change.

Only six members of the Federal Reserve Board will participate in this week's committee meeting.

President Ronald Reagan only last week nominated H. Robert Heller, a Bank of America economist, to fill the vacancy on the board created by the resignation of the vice chairman, Preston Martin. Manuel H. Johnson, one of the present governors, was nominated vice chairman. Both appointments must be confirmed by the Senate.

The other five voting members of the committee are presidents of some of the 12 Federal Reserve district banks.

Some financial analysts point out that any committee decision to move toward lower U.S. interest rates that was not preceded by a drop in rates in West Germany and Japan likely would put new downward pressure on the value of the U.S. dollar on foreign-exchange markets.

Fed officials, including the chairman, Paul A. Volcker, have expressed their worries about the dollar's rapid plunge and do not want to weaken the currency further, particularly at a time when the West German and Japanese central banks are intervening in exchange markets to prop up the dollar.

Fed officials do not want to appear uncooperative to their foreign counterparts, though there is no indication the United States has joined in the intervention so far, analysts say.

Among other reasons, the Fed officials are hoping the governments and central banks in West Germany and Japan will take steps soon to stimulate their domestic economies.

Faster growth in those countries would, the officials say, help reduce the huge U.S. trade deficit by providing a bigger market for U.S. exports, and that would boost the U.S. economy.

One governor, Emmett J. Rice, is among those more confident about the second half of the year.

When the Federal Reserve Board cut the discount rate to 6.5 percent last month, Mr. Rice dissented because, as he said then, he believes the economy does not need additional stimulus.

Cutting the discount rate, which is the interest rate charged when financial institutions borrow reserves directly from the Fed, runs the risk that rates will have to be raised more than they otherwise would be after economic growth accelerates later this year, he said.

"The economy, in my view, is not all that weak," Mr. Rice said in explaining his dissent. He noted that consumer spending has continued to increase and that the trade balance may have begun to improve.

"I realize there is some question about that, but the figures do indicate some improvement" in trade, he said. In the first quarter, "the only clearly weak spot was business fixed investment, and that was concentrated pretty much in the oil industry and in computers and office buildings."

Several other officials, in more recent interviews, echo a point Mr. Rice also made then: The money supply measure M-1 has been growing strongly and other monetary aggregates at adequate rates.

"There is no reason to feel the present level of interest rates is inhibiting the expansion," Mr. Rice said.

BCal Confirms Merger Bid From Leisure Group

International Herald Tribune

LONDON — British Caledonian Group PLC, Britain's second-largest airline, confirmed on Sunday that it had held merger discussions with International Leisure Group PLC.

A source close to BCal said, however, that the airline's board "almost certainly" would reject the approach from International Leisure, a hotel and package-tour company. It was unclear whether International Leisure might go ahead with a hostile bid to buy closely held BCal, the source said.

In pursuing the merger, International Leisure's chairman, Harry Goodman, "was trying to browbeat and to push and go behind the scenes and play dirty," the source said. International Leisure officials could not be reached for comment.

Investors in Industry PLC, a venture capital company owned by a group of British banks, holds about 42 percent of BCal.

The airline last week announced plans for a 13-percent reduction in its staff to cope with a plunge in revenue, caused partly by the sharp decline in the number of American tourists visiting Europe this year.

U.S. Farm Fund Nearly Empty

Reuters

WASHINGTON — The Farmers Home Administration is expected to exhaust its funds for direct loans to farmers in about 10 days, but plans to institute a program to help farmers get loans from local lenders, according to the agency's administrator, Vance L. Clark.

He said personnel of the agency, a division of the Agriculture Department, would notify bankers, then escort farmers with approved FHA applications to the bank. The program also has an interest buy-down feature and the agency will guarantee up to 90 percent of the loans for farmers who have the potential for a positive cash flow, he said Friday.

Mr. Clark said the agency has had 34 foreclosures so far this fiscal year and there are about 230 in the process of being filed. Agricultural experts say the U.S. farm economy is the worst in half a century.

Minister Says Kuwait Will Keep Assets in West

Reuters

KUWAIT — Finance Minister Jassem al-Kharafi was quoted Sunday as saying that Kuwait's plans to spread its investments to Communist states and the Third World did not threaten its sizable assets in the West.

"Kuwait is seriously interested in investments in the Soviet Union and China, in accordance with a policy to vary its investments in many countries and expand their geographical spread," he said in an interview published in al-Qabas newspaper.

"Kuwait will realize new income from oil investments with the Soviet Union and China, but this does not mean we will pull out our investments from the West," the finance minister added.

A 28-member Chinese delegation visited Kuwait this month to offer investors from Kuwait and other Gulf states a role in 68 joint projects worth $3.6 billion.

Mr. Kharafi recently named India, Turkey and South Korea as other countries in which Kuwait would seek investments after a reappraisal of risks to its assets abroad from currency fluctuations, inflation and political factors.

Banking sources say much of Kuwait's assets, which they estimate at $80 billion, are invested in the West.

The government has come under pressure in the National Assembly to curb investments in the United States since Washington froze Libyan assets last January.

But Mr. Kharafi said the dollar had shown sustained strength in recent years, until last September, and had a "special attraction."

Banking sources say the diversification of assets was likely to be limited because the West offered the greatest scope for profitable investment.

In another statement, Mr. Kharafi said Kuwaitis moved $42.22 billion abroad in financial and trade-related funds from 1982 to 1986.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

·ed States	Last Wk.	Prev.Wk.	Ch'ge
·dus.	1759.80	1789.43	—1.68 %
·il.	181.05	182.91	—1.03 %
·rans.	771.71	788.03	—2.11 %
·100	224.14	228.02	—1.73 %
·500	234.43	237.85	—1.46 %
·E Cp.	134.43	137.12	—2.00 %
·in			
·E 100	1565.20	1593.90	—1.80 %
·	1288.60	1323.20	—2.62 %
·g Kong			
·Seng.	1787.10	1852.21	—5.51 %
·n			
·I 225	15739.00	16194.78	—2.81 %
·t Germany			
·merzbk	1960.20	2049.30	—4.34 %

·: James Capel & Co. London.

Money Rates

United States	Last Wk.	Prev.Wk.
Discount rate	6½	6½
Federal funds rate	6 11/16	6 13/16
Prime rate	8½	8½
Japan		
Discount	3½	3½
Call money	4 1/16	4¼
60-day interbank	4 9/16	4 9/16
West Germany		
Lombard	5.50	5.50
Overnight	4.10	4.40
1-month interbank	4.60	4.65
Britain		
Bank base rate	10½	10½
Call money	10½	10⅝
3-month interbank	9⅞	10 3/32

Dollar	Last Wk.	Prev.Wk.	Ch'ge
Bk Engl Index	113.60	112.80	+0.71 %
Gold			
London p.m. fix. $	343.00	345.35	—5.47 %

Currency Rates

·ss Rates *May 16*

	$	£	D.M.	F.F.	H.L.	Gldr.	B.F.	S.F.	Yen
·erdam	2.4945	3.798	112.71 *	35.345 *	0.1643 *	—	5.518 *	135.47 *	150.95 y
·els(a)	45.175	68.8475	20.4213	6.4815	2.9765 *	18.12	—	24.515	27.33 *
·kfurt	2.2123	3.371	—	31.36 *	1.4575 x	88.715 *	4.898 *	120.12 *	1.337 *
·on (b)	1.5247	—	3.3696	10.74	2,312.50	3.7992	68.795	2.8098	252.265
·	1,517.98	2,314.28	686.87	215.12	—	608.80	33.611	822.70	9.179
·ork(c)	—	0.6596 a	2.2285	7.075	1,523.00	2.502	45.325	1.851	166.75
·	7.054	10.755	3.1887	—	4.6495 x	2.8298	15.624 *	3.8287	4.2684 *
·o	164.20	251.55	74.64	23.41	10.90 *	66.24	364.89 *	89.88	—
·h	1.8413	2.8053	83.345 *	26.11 *	0.1214 *	73.875 *	4.0708 *	—	1.1124 *
·)	0.9711	0.6374	2.1490	6.8656	1,474.40	2.4229	43.8873	1.7905	160.963
·:	1.17328	0.76987	2.59545	8.27632	N.Q.	2.9268	53.0029	2.1608	192.711

·gs in London and Zurich, fixings in other European centers. New York rates at 4 P.M. ·ommercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one · (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available. ·o buy one pound: $U.S.1.516

·er Dollar Values

·ncy per U.S.$		Currency per U.S.$		Currency per U.S.$		Currency per U.S.$	
·. austral	0.85	Fin. markka	4.975	Mex. peso	531.00	Soviet ruble	0.7015
·al. $	1.401	Greek drac.	136.90	Norw. krone	7.53	Span. peseta	139.05
· schil.	15.41	Hong Kong $	7.811	Phil. peso	20.025	Swed. krona	7.11
·lg. fr.	45.06	Indian rupee	12.38	Port. escudo	146.80	Taiwan $	38.37
· cruz.	13.77	Indo. rupiah	1,124.00	Saudi riyal	3.6505	Thai baht	26.225
·lian $	1.3753	Irish £	0.712	Sing. $	2.214	Turkish lira	656.50
·se yuan	3.1855	Israeli shek.	1.47	S. Afr. rand	2.1582	UAE dirham	3.673
·h krone	8.191	Kuwaiti dinar	0.2891	S. Kor. won	882.50	Venez. boliv.	18.00
·. pound	1.36	Malay. ring.	2.596				

·ing: 1.1087 Irish £

·s: Banque du Benelux (Brussels); Banca Commerciale Italiana (Milan); Banque Na·e de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); ·nk (ruble). Other data from Reuters and AP.

·arkets Closed

·ancial markets will be closed Monday in Belgium, France, the ·herlands, West Germany and Scandinavia because of holi·s.

In Istanbul's Bazaar, Kebab Houses Serve Up Some Appetizing Currencies

By Ragip Erten
Reuters

ISTANBUL — In a video shop in central Istanbul, a man unlocks a black attaché case chained to his wrist, revealing wads of Turkish liras. He has come not to rent cassettes but to buy dollars.

In Turkey's thriving unofficial currency market, traders do their business in places ranging from leather shops to kebab restaurants. The parallel market prospers because of the tight restrictions on who can buy currency at banks and limits on their rates.

The existence of the unofficial market is legal, although its dealers engage in some illegal transactions, according to a central bank official.

Many of these dealers have telexes to call up latest rates. They are located mostly near Istanbul's covered bazaar, in the Tahtakale area that has given its name to the unofficial currency market.

"The parallel currency market will continue to function because there will always be cash transactions outside the banking system," a banker said.

A reporter visited one of the dealers as a customer. The dealer fumbled with bundles of liras wrapped in newspaper while a single telephone was permanently busy.

"The full is up again. I want to sell quarters, but have no Peugeots," he yelled into the phone. Full is the dollar in Tahtakale parlance, quarter the Deutsche mark and Peugeot the French franc.

Boys loitering in the area tug at tourists' arms crying "Change, change" and leading anyone interested to a dealer.

The government of Prime Minister Turgut Ozal, which leans toward a free-market economy, liberalized currency regulations in 1984, legalizing transactions in currencies other than lira.

Before the relaxation of the rules, unauthorized possession of a single dollar could bring a jail term. Nonetheless, the parallel market existed long before the liberalization. In those days dealers would sit in austere offices pretending to be exporters or real estate agents.

'I want to sell quarters, but have no Peugeots,' one money trader shouted.

There still is no legislative framework for currency dealers, so they get trading licenses and pay taxes as video stores and kebab houses. Nothing is done to control the market, seemingly because the authorities see that it serves a purpose.

From 1977 to 1980, when Turkey was suffering a severe shortage of foreign currency, Tahtakale kept industry going by arranging payments for imports, businessmen say.

Rusdu Saracoglu, a deputy governor of the central bank, said in an interview that Tahtakale was a legal market. It was, however, involved in "some illegal transactions" including unauthorized transfer of currency abroad and smuggling, he said.

"If someone wants to send some money to Zurich, Tahtakale does it very efficiently and their spreads are smaller than the banks," he said. A spread is the margin between buying and selling rates.

He said he hoped that if, as planned, Turkey develops a genuine currency market, the Tahtakale dealers would participate.

The unofficial market gets its funds mainly from tourists and from the earnings of about 2 million Turks working abroad.

The Turkish press often accuses Tahtakale of operating with funds accumulated by drug smugglers and of having arranged payment for arms smuggled into the country in the political violence before the military coup of September 1980.

Transactions are based on trust and nothing appears on paper. Estimates of the traded volume range from hundreds of thousands of dollars to 20 million dollars a day. The market is sensitive to international currency movements and rates change throughout the day.

The government had planned to undercut Tahtakale last year by giving commercial banks permission to fix their own rates. But the measure backfired early this year as banks started to push up dollar rates to obtain more foreign currency.

Their main source of dollars was Tahtakale, according to banking sources. Business boomed, forcing the central bank to intervene in mid-March to limit banks' freedom to fix rates.

This dissuaded them from frequenting Tahtakale. But business sources say importers have again started to use the dealers as banks have raised commissions to maintain profits.

SELECTED U.S.A./O.T.C. QUOTATIONS

	BID	ASK
Apollo Comp.	16	16¼
Mr Gasket	8⅛	8¼
Bitter Corp.	4⅛	4¾
Moduloire	11¾	12¼
Rodime	10⅞	11

WITH COMPLIMENTS OF CONTINENTAL AMERICAN

These prices are as of May 15, 1986

International Bond Prices

(Continued)

PORTUGAL
SOUTH AFRICA
SOUTH AMERICA
SPAIN
SUPRANATIONAL
SWEDEN
SWITZERLAND
UNITED KINGDOM
UNITED STATES AMERICA

EURO CURRENCY UNITS

CANADIAN DOLLARS

FRENCH FRANCS

JAPANESE YEN (EURO)

NORWAY KRONERS

POUNDS STERLING

NASDAQ National List

OTC consolidated trading for week ended Friday.

CONVERTIBLE BONDS

May 15

EUROPE
U.S.A.
MISCELLANEOUS
JAPAN

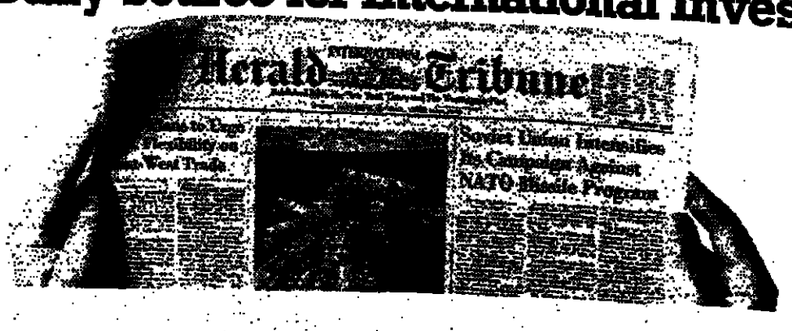
HIGHEST CURRENT YIELDS

On convertibles having a conversion premium of less than 10%.

Explanation of Symbols

CNS	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
£	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
NMD	Norwegian Kroner - DM		

The Daily Source for International Investors.



مكتبة الأصل

هكذا أصله الأصل

New Eurobond Issues

Compiled by Laurence Desvilettes from information supplied by European bond traders.

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NOTES						
eland	$300	1998	limean	100	99.65	Coupon pegged the mean of bid and offered rates for 6-month Eurodollars. Callable at par in 1991. Fees 0.25%. Denominations $10,000.
lew Zealand	$250	1996	⅛	100.15	100.30	Over 6-month Libid. Callable at par in 1991. Fees 0.175%. Denominations $10,000.
FIXED-COUPON						
nsett Finance	$100	1996	8⅝	100¼	—	Noncallable. Fees 2%.
ustria	$100	1996	7⅛	101	96.13	Noncallable. Fees 2%.
ank of Nova Scotia ondon)	$150	1991	7⅝	100⅛	97.63	Also 120,000 three-year warrants, priced at $12 each, entitling holders to redeem the notes at 98%. Warrants pay a 7¾% annual interest, ended the week at $14. Fees 1¾%.
inque Paribas ondon)	$ 50	1989	10	101¼	—	Noncallable. Will be redeemed at maturity above par if U.S. Treasury's 9¼% bonds due 2016 trade over 125¾, and below par if price is below 125¼. Fees 1¾%.
inque Paribas ondon)	$ 50	1989	8	101¼	—	Noncallable. Will be redeemed at maturity above par if U.S. Treasury's 9¼% bonds due 2016 trade below 111¾, and below par if price is over 114¼. Fees 1¾%.
edito Italiano ondon)	$100	1991	8	101	—	Noncallable. Fees 1⅞%.
erson Electric	$100	1998	7⅜	101⅜	97.38	Noncallable. Fees 2⅛%.
ropean Community	$100	1996	8¼	101¼	99.25	Noncallable. Fees 2%. Denominations $10,000.
I Finance Corp.	$ 55	1996	8¼	101½	—	Noncallable. Fees 2%. Denominations $10,000.
pan Public ghway Corp.	$130	1996	7¼	100⅜	95.63	Noncallable. Fees 2%.
ustrain Company ¥	$100	1989	10	100⅜	—	Noncallable. Will be redeemed at maturity above par if semiannual yield on U.S. Treasury's 9¼% bonds due 2016 is below 7.1%, and below par if yield is above 7.1%. Fees 1⅛%. Denominations $10,000. Guaranteed by the South Australian Financing Authority.
estdeutsche ndesbank Finance	$100	1991	8	100⅝	—	First coupon to be paid in one lump sum in 1990. Noncallable. Fees 1⅛%.
rican Development nk	DM 100	1996	6¼	100	—	Noncallable. Fees 2%.
imler-Benz Int'l ance	DM 500	2001	5¼	100	—	Noncallable. Fees 2½%.
neral Motors	DM 200	1996	5¼	100	96.50	Noncallable. Fees 2½%.
rman Public Sector ance	DM 500	2016	5⅞	98¾	95.50	Noncallable. Fees 2½%.
rkshire Int'l Finance	DM 200	2001	6¼	100	96.50	Noncallable. Fees 2½%.
an Air Lines	FF 700	1996	7½	100½	99.00	Noncallable. Fees 2%.
I Finance Corp.	ECU 55	1995	6⅜	100	97.00	First coupon to be paid in Dec. 1987. Noncallable. Fees 1¾%.
rysler Financial	Aus$ 50	1990	13½	101⅛	—	Noncallable. Fees 1¾%.
Van Lanschot kkers	Aus$ 40	1991	12⅝	101½	99.13	Noncallable. Fees 2%.
ilever	Aus$50	1989	12¼	100¾	98.25	Noncallable. Fees 1⅛%.
que Française du mmerce Extérieur	¥ 20,000	1996	5¼	101½	98.00	Callable at 102 in 1992. Fees 2%.
ofima	¥ 10,000	1993	5⅜	101⅜	98.38	Noncallable. Fees 1⅛%.
and	¥ 13,500	1991	5⅜	101	98.25	Noncallable. Fees 1⅛%.
sterreichische trollbank	¥ 20,000	1991	5¾	101⅜	99.38	Noncallable. Fees 1⅜%.
ebec Province	¥ 20,000	1998	6	101¾	98.25	Noncallable. Fees 2⅛%.
EQUITY-LINKED						
x Brown	$ 25	2001	open	100	99.25	Coupon indicated at 5¼%. Callable at 104 in 1989. Convertible into company's shares. Fees 2½%.
erican Bankers rance Group	$ 70	2001	5¼	100	99.75	Redeemable at 117 in 1993. Convertible at $194 per share. Fees 2½%.
woo Heavy stries	$ 40	2001	3	100	105.50	Redeemable at par in 1988 if restrictions on foreign stock ownership have not been eased. Callable at 102½ in 1993 and redeemable at 119 in 1991. Convertible at 1,919 won per share and at 886.10 won per dollar. Fees 2½%.
el Kiki	$ 50	1991	2¾	100	99.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 644 yen per share and at 164.05 yen per dollar. Fees 2¼%.
rban	$ 40	1991	open	100	99.50	Coupon indicated at 2¾%. Noncallable. Each $5,000 note with warrants exercisable into company's shares. Fees 2¼%. Terms to be set May 23.
ebea	$100	1991	2¼	100	98.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 652 yen per share and at 165.20 yen per dollar. Fees 2¼%. $50 million issued in Europe and $50 million issued in Asia.
se Co.	$100	1996	open	100	99.50	Coupon indicated at 5¼-6%. Callable at 101 in 1991. Convertible at an expected 24-28% premium. Fees 2½%. Terms to be set May 21.
Finance	$100	1996	3	100	104.00	Callable at par in 1992. Each $5,000 note with 3 five-year warrants exercisable by 2 into one company share at 6,950 francs. Fees 2½%. Guaranteed by Société Générale de Surveillance SA.
itomo Special als	$ 80	1991	2¾	100	98.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 3,680 yen per share and at 161.85 yen per dollar. Fees 2¼%.
alligesellschaft nce	DM 150	1996	2¾	100	98.00	Callable at par in 1991. Each 5,000-mark bond with 2 warrants exercisable into 16 shares at 350 marks each, a 1.75% premium. Fees 2½%.
eo	DM 70	1991	1¼	100	108.00	Noncallable. Each 5,000-mark note with one warrant exercisable into company's shares at 552 yen per share and at 74.64 yen per mark. Fees 2¼%.

Bond Prices Fall Amid Uncertainty About Rates

By Kenneth N. Gilpin
New York Times Service

NEW YORK — Bond prices have tumbled again in the face of an increasingly uncertain outlook for interest rates.

Traders took profits on Friday, and A. Craig Coats Jr., who heads the government securities department at Salomon Brothers, commented: "There have been a lot of very large sell programs from some go-away investors who have decided to sell out, go to the sidelines and reassess the situation."

As was the case on Thursday, the bulk of the selling occurred among longer-term issues, which because of their maturity generally are viewed by traders as highly speculative instruments.

Near the close of trading Friday, the U.S. government's 30-year, 7.25-percent bond, which fell by nearly 1¼ points on Thursday, was offered at a price of 95 20/32, down 25/32, to yield 7.62 percent.

Given the market's uncertainty about the future course of interest rates, the recent drop in prices has made shorter-term notes look much more attractive than bonds.

Late in the day, the Treasury's 6⅜-percent, three-year issue was offered at 98 15/32, down 1/16, to yield 7.45 percent.

Analysts have become more pessimistic in recent days because the most recent batch of economic statistics, including Friday's strong housing report, suggest the economy may be picking up steam.

Moreover, market participants are worried about the rapid growth in M-1, the basic measure of the U.S. money supply. M-1 includes cash in circulation, demand deposits and travelers checks.

In addition, traders appear convinced that with oil and commodity prices firming the best of the inflation news is over. Friday's wholesale price report, which showed a 0.6-percent decline in April, was shrugged off, even though it was a far larger drop than had been anticipated.

"Compared to all the estimates and the expectations, the producer price number was a big number," said one government securities trader, who asked not to be identified. "But the reaction was, gee, this is the last of the good numbers."

In spite of the price decline among longer-term issues, short-term interest rates closed mixed Friday. Three-month bills were quoted at 6.17 percent late in the day, down 6 basis points. But six-month bills rose by a similar amount, to 6.25 percent.

In when-issued trading, the Treasury's new two-year note, scheduled to be auctioned on Wednesday, was quoted to yield 7.24 percent.

Corporate and municipal bond prices also fell sharply Friday.

U.S. Consumer Rates

For Week Ended May 16

Passbook Savings	5.50 %
Tax Exempt Bonds Bond Buyer 20-Bond Index	7.53 %
Money Market Funds Donoghue's 7-Day Average	6.44 %
Bank Money Market Accounts Bank Rate Monitor Index	6.35 %
Home Mortgage FHLB average	10.57 %

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam

AMSTERDAM — The Amsterdam Stock Exchange revived last week after early slack, as opinion polls on coming legislative elections showed a lead by Prime Minister Ruud Lubbers's center-right government.

Total value traded was 5.093 billion guilders, ahead 72 percent from 2.963 billion guilders the previous week. The general share index progressed slightly, to 262.8 from 262.7.

Shell gained 1.70 guilders, in spite of an announced drop in first-quarter profit, as oil and raw material values rose as a result of speculation on the effects of the Chernobyl nuclear accident.

Frankfurt

FRANKFURT — Values tumbled every day but Wednesday last week on a Frankfurt market discouraged by low interest rates, unattractive domestic stocks and coming elections in Lower Saxony.

The Commerzbank index dropped 89.1 points to 1,960.2 from the previous week's 2,049.3.

Blue-chip stocks were the main losers. In auto shares, BMW dropped 19.50 Deutsche marks to 559.50 DM, Daimler 50 to 1,315 DM and Volkswagen 46.40 to 548.80 DM. In electronics, AEG lost 25.50 to 325.50 DM and Siemens was down 24.80 at 609 DM. In pharmaceuticals, only Schering gained, up 13 to 543 DM after an announced 17-percent increase in profit last year.

Banks lost heavily, with Dresdner down 17 to 431, Commerzbank down 24 to 312, and Deutsche Bank down 43.50 to 791.

Value of transactions came to 2.775 billion DM for the week, compared with 2.05 billion DM in the previous week.

Hong Kong

HONG KONG — Stocks declined on the Hong Kong market last week in what analysts called a consolidation phase after weeks of gains.

The Hang Seng Index shed more than 65 points to close the week at 1,787.08. It had registered a slight gain the previous week to 1,852.21.

The week's excitement was generated by the debut of Cathay Pacific Airways shares on Thursday, sparking a record market turnover of 811.23 million Hong Kong dollars.

About 55 percent of the trading focused on Cathay Pacific, which closed Friday at 5.15 dollars, compared with the initial 3.88 dollars fixed for the issue.

Daily turnover for the week averaged about 423.28 million dollars, up from 341.53 million dollars the previous week.

London

LONDON — An early rally prompted by hopes of a further cut in British interest rates soon was wiped out last week on the London Stock Exchange in the aftermath of National Westminster Bank's £714-million rights issue.

The Financial Times Ordinary share index fell 40.8 points on the week, to close Friday at 1,289.5, its lowest level since early March.

The number of transactions rose to 132,253 from 103,519 the previous week.

Apart from the drain on liquidities caused by a recent spate of cash calls such as that by NatWest, sentiment also was depressed by news of a rise in unemployment last month and a fall in first-quarter manufacturing output.

Banks were particularly weak, and insurance companies also lost ground despite better-than-expected first-quarter profits from Commercial Union, General Accident and Royal.

Quarterly figures from oil majors Royal Dutch/Shell and British Petroleum failed to excite the market.

Milan

MILAN — The Milan stock exchange showed a modest gain last week, as the COMIT index rose to 862.03 from 824.98 at the end of the previous week.

The volume of transactions came to 1,881.6 billion lire, compared with 2,063 billion lire the previous week.

The most active issues were Fiat, which rose an average 2 percent over the week, Montedison, down 0.3 percent and Generali (Insurance) up 7 percent.

Paris

PARIS — The Paris Bourse was little changed at the end of last week, as the CAC index moved slightly ahead to 408.6 from 407.5 the previous week. Analysts said the modest gain reflected profit-taking ahead of the long Pentecost weekend and monthly liquidation.

Total value of shares traded came to 48.5 billion francs.

Financial analysts said the market had largely anticipated economic measures announced during the week by the government, including lower interest rates and liberalization of exchange controls. They noted that dealers also feared the emergence of new frictions in the power-sharing arrangement between President François Mitterrand, a Socialist, and the center-right majority in parliament.

But the market also was said to welcome lower interest rates, which are expected to encourage transfer of capital from bonds and savings to the stock market.

The week began strong, with French shares rising 0.7 percent to a new CAC record of 410. On Tuesday, predictions of weaker investment and higher unemployment from the government statistics institute pushed the index down 1.6 percent, but it gained on Wednesday and Thursday before profit-taking set in on Friday and the index dropped an estimated 1 percent.

Among leading issues, 20,695 Michelin shares, worth 62.6 million francs, changed hands on Friday.

Singapore

SINGAPORE — Values generally improved on the Stock Exchange of Singapore last week with the announcement of better business expectations in certain sectors and continued interest in the new Central Provident Fund approved investment scheme.

The Straits Times Industrial Index rose 9.14 points to 593.55.

Volume of shares traded rose 36.6 percent over the week to 47.45 million units, while the value of shares rose 42 percent to 83.37 million Singapore dollars.

All sectors recorded an improvement in activity except the plantation sector. Dah Yung was the most active counter with a turnover of 2.03 million units. It gained 20 cents to 41. Banks dominated the list of active stocks.

Tokyo

TOKYO — Share prices plunged on the Tokyo stock market last week, with the Nikkei Average losing five sessions in a row due to uncertainty over the dollar-yen exchange rate.

The Nikkei more than offset the previous week's 326.54-yen gain, losing 445.24 yen over the week to finish at 15,739.74 yen Friday.

Daily average volume sank to 472.6 million shares from the previous week's 747.5 million.

Many export-oriented blue chips lost ground as did electric powers and gas issues. Tokyo Electric Power was one of the hardest-hit, finishing at 3,720 yen Friday, compared with 2,260 the previous week.

Zurich

ZURICH — Issues listed on the stock market here finished lower last week, with the Société de Banque Suisse index standing at 647.6 on Friday, against 665.1 at the end of the previous week.

Banks lost ground, notably Banque Populaire Suisse, which dropped 15 points to 2,630, while among finance companies Elektrowatt fell 230 to 3,550.

Among industrials, Brown Boveri gave up 415 to 1,870. Insurance, food processing and chemical issues were also down: Cie. de Réassurance nominal shares dropped 100 to 6,600, Nestlé bearer shares were off 300 at 8,000 and Sandoz bearer shares fell 500 to 12,500.

Spain in Vanguard of Borrowers' Assault on Fees

By Carl Gewirtz
International Herald Tribune

PARIS — The international credit market is girding itself for a new assault by borrowers to lower fees.

The coming assault was triggered last week when Spain announced plans to raise a $500-million facility for which it will pay underwriters an annual fee of five basis points, or .05 percent.

This is as low as the market has seen and is certain, in the view of many bankers, to prompt Electricité de France to demand even better terms. EDF has been negotiating with banks for weeks and is expected to insist that the guarantee of France be recognized as more credit worthy than that of Spain.

The amount of pressure EDF exerts on banks will be a function of how successful Chase Manhattan and Merrill Lynch are in syndicating the Spanish credit. The view in the market is that while the terms are very tight, the arrangement will be made without any difficulty.

The Spanish facility will run for eight years, but the government has the right to request two extensions of two years each — giving a potential maturity of 12 years.

The big selling point is that this will be the only Spanish facility outstanding. The lead managers said that a $500-million facility arranged in 1984 but never used would be canceled and that "no further operations of this nature" were planned in the near future.

Thus, bankers say they will tell EDF that the rarity value of the Spanish paper matches the higher standing of French government credits, which are more plentiful.

This argument will not impress the French, who will point out that the government has just announced plans to prepay a $1.8-billion loan from the European Community. The EC will then call the floating-rate notes it issued in 1983 that were to have matured in 1990. In April, the French government prepaid $400 million — following a prepayment of $1 billion last year — on a $4-billion credit arranged in 1982, leaving $2.6 billion of that fine still in place.

The underwritten facility gives Spain the right to draw on the banks by asking for advances or issuing Euronotes. Interest will be set at 5 basis points over the London interbank offered rate. Utilization fees raise the maximum charge a further 5 basis points if the full amount is drawn.

At the same time, Spain can ask the banks to propose terms for notes or advances on an uncommitted basis. The amount Spain can request under this uncommitted option is open and any paper issued will be incorporated into its existing Euro-commercial paper facility.

Statoil is arranging a $300-million, eight-year facility and is expected to cancel a $100-million, three-year facility arranged in mid-1984.

Although the oil company is owned by the Norwegian government, the company's debts are not explicitly guaranteed by the government. Statoil will pay underwriters an annual fee of 5 basis points for the first five years and 6¼ basis points in each of the final three years.

To draw on this facility, Statoil will pay 6¼ basis points over Libor with utilization fees amounting to another 6¼ basis points if more than one-third is drawn and 12½ basis points if more than two-thirds is drawn.

At the same time, the company can ask banks to bid for Euronotes or advances. The amount Statoil can issue under this uncommitted option is unlimited.

ICI Australia is asking banks to propose terms on a $100-million, five-year facility under which it would issue Eurodollar notes or Australian dollar promissory notes.

Arabian Investment Banking Corp. is seeking $50 million for three years. It will seek advances or bids for the issue of Euronotes and pay underwriters an annual fee of 12½ basis points. If it borrows from the underwriters, it will pay 22½ basis points over Libor.

National Power Co. Landsvirkjun, a municipally owned facility that carries the guarantee of Iceland, is seeking a $60-million, 10-year syndicated loan. Lenders will be able to resell this paper as it will be in the form of transferable loan certificates. Interest is set at 3/16-point over Libor for the first five years and ¼-point over Libor thereafter.

The company will pay a commitment fee of ⅛ percent on any undrawn amounts and a utilization fee of 1/16 percent if more than half is used.

An interesting aspect of this loan is that the borrower has promised not to prepay, cancel or renegotiate the terms during the first five years.

The Bank of Greece, whose eight-year loan bearing interest at ¾ point over Libor will be increased from $300 million to at least $350 million, has also accepted a clause in its contract barring renegotiation.

Banks have seen their loan portfolios hard-hit by prepayments and renegotiations that have resulted in sharply reduced lending charges.

Korean Development Bank is sounding out banks for terms on a $500-million loan.

INTERNATIONAL CREDIT

UROBONDS: *Rising Rates Stir Fears That Red Ink Won't Come Off*

(Continued from first finance page)

nsive markdowns by dealers ed at discouraging sellers rather a response to actual trading.

evertheless, there was a bit of a nt at just how fast the liquidity e Eurobond market can freeze. Friday, many firms were not ing prices, saying that their ers had already left for the an- meeting of the Association of rnational Bond Dealers that ns Thursday in Singapore.

ne reason for the relative calm at the banking community be- s interest rates will decline fur-

Economic growth appears to owing in Japan and West Ger- y and remains sluggish in the ed States. Thus, some addi- al stimulus is perceived to be anted. The appreciation of the s hurting the Japanese export stry while in West Germany d-high interest rates are the obstacle.

onetary officials in both coun- have indicated that further ening of the dollar will be re- l. The prospect of their joint vention was enough to send ollar up on Friday. Analysts in o said signs that a floor level been reached were driving in- rs there to begin selling yen to for their purchases of U.S. sury bonds, which temporarily being financed with borrowed rs.

a result, the dollar ended the at 166.75 yen, up from a low st under 160 yen. Continued thening of the dollar should the Japanese the room to fur- ut their interest rates — al- h these are already very low he major issue there is fiscal lus needed to channel pro- on to domestic uses and spur vel of imports.

Europe, meanwhile, France's ation of its foreign-exchange ls should contribute to some weakening of the franc and help pull the Deutsche mark off the floor of its EMS exchange rate. That would give the West Germans room to cut interest rates and thereby open the way for the Americans to follow. Ideally, when all the interest rates are cut, the exchange rates would have no reason to move.

The problem with this scenario is the suspicion that the real reason behind the Bundesbank's unwillingness to cut interest rates has more to do with the current domestic negotiations on wage levels than with the mark's exchange rate. By not lowering interest rates, the central bank is believed to be signaling to industry that it cannot count on lower money costs to offset overly generous wage hikes.

The most troublesome element in all of this is the repeated U.S. threat to depress the dollar in order to reduce its trade deficit if Japan and West Germany fail to take measures to expand their own domestic consumption and import levels.

While bankers express confidence that governments will muddle through to find mutually acceptable solutions, very few are willing to put money on it. Their reluctance reflects the size of the losses they already are sitting on.

Against this background, it is no surprise that the bond market's first put option got a good reception. The put is in the form of a three-year warrant to sell at 98⅜ the five-year, 7⅞-percent notes offered last week by Bank of Nova Scotia at a price of 100⅛. The warrants, which bear interest of 7⅞ percent, can be exercised only during the final three months before expiry.

Offered at $12 each, the warrants ended the week at $14 while the notes dropped 2½ points. Most comment was favorable about the concept, but there was widespread agreement that an even more desirable package would be a three-year warrant on a 10-year bond. The longer maturity is seen making the price of the bond more volatile and therefore giving more value to the warrant.

In the equity-linked market, six consecutive days of declining prices on the Tokyo Stock Exchange tempered demand for Japanese paper. The very low coupons now seen on the bonds also are a deterrent. Up to now, the high premium put on the value of the warrants to buy shares offset the big discount at which the ex-warrant bonds could be sold.

A secondary offering of B ordinary shares of Reuters Holdings was well received. The offering is being made by Rupert Murdoch's News Corp.

Newscorp Finance is selling 200,000 preferred shares at $1,000 each on which a guaranteed annual dividend of $50, or 5 percent, is expected to be set. After 90 days, however, the paper can be exchanged into Reuters shares at a price of about 15 percent over the London Stock Exchange quote when the final terms are set. The Newscorp paper ended the week quoted at a modest discount of $985.

This week, Bell Canada Enterprise Development Corp., a 68-percent-owned subsidiary of Bell Canada Enterprises, will put up for sale 300 million Canadian dollars of units to buy shares and warrants. The parent will retain its stake in the other company, leaving just under 100 million units for sale, of which a third is expected to be distributed internationally.

Henley Group Inc., a company created to hold $4 billion of corporate assets spun off by Allied-Signal Inc., will be selling domestically and internationally 60 million new shares this week. Pricing is expected to be about $22 per share, raising $1.3 billion.

Loan for Thai Rubber Project

Reuters

BANGKOK — The World Bank said it was lending Thailand $60 million for a $263.5-million project to replant 498,000 acres (202,000 hectares) of old rubber trees with higher-yielding varieties. The Thai government is providing $189 million and will get $14.5 million from the Commonwealth Development Corp.

Egypt's Budget Shows Deficit Of $4 Billion

Reuters

CAIRO — The Egyptian cabinet has presented a 1986-87 budget that projects a widening of the deficit to 5.5 billion Egyptian pounds ($4.04 billion) from the previous year's 4.9 billion pounds.

Government spending is projected to remain unchanged at 20 billion pounds for the fiscal year beginning in July. Revenue is forecast to fall to 14.5 billion from 15.1 billion this year.

Earnings from crude oil exports are expected to drop by 43 percent from the previous year to 759 million pounds.

Presenting the budget to Parliament on Saturday, Finance Minister Salah Hamed said that earnings from the Suez Canal were forecast to fall to 277.7 million pounds from 279.5 million.

Subsidies on basic commodities are to be cut to 1.7 billion pounds from 1.9 billion.

OIL: *Small Firms Facing Collapse*

(Continued from first finance page)

jects, however, is heavily influenced by current prices.

Meanwhile, Saga has plenty of short-term problems to address. If oil prices average $15 for the year, Saga's revenue from its share of Norwegian production is expected to fall by a third from last year's 1.15 billion kroner ($155 million). Mr. Larsen forecast that Saga still will show a small profit, but only because of a big currency-translation gain from a well-timed sale of forward contracts on the dollar.

Like other oil companies worldwide, Saga is chopping deep into its spending, and it has drastically reduced plans for increasing its staff of about 600.

While Saga's oil interests appear likely to be attractive in the 1990s, the company must stagger through the rest of the 1980s with a heavy load of debt, currently more than $500 million. Mr. Larsen insisted that the debt is manageable. He bristled at suggestions that Saga's fate might be firmly in the hands of its bankers.

A few miles away in central Oslo, a senior banker took a relaxed view of the situation. "The banks would more or less tell them to do what they have to do," he said, "if they don't do it themselves."

In Britain, whose oil boom created far more small oil companies, analysts say such concerns as Tricentrol PLC, Charterhall Oil Ltd., Pict Petroleum PLC and Sovereign Oil & Gas PLC will come under extreme financial pressure if oil prices remain near the current level for more than a year or so.

Tricentrol, the largest of these companies, has debts of £187 million ($285 million) supported by equity of £164 million. With oil prices at $15, the Edinburgh-based stockbrokerage of Wood Mackenzie & Co. calculates, Tricentrol's net asset value is negative. Only hopes for a takeover bid are preventing a further plunge in Tricentrol's share price, said Stephen Turner, a Wood Mackenzie analyst.

Already, the number of independent oil companies in the North Sea has begun to shrink. Last December, for instance, Petrofina SA of Belgium agreed to buy Charterhouse Petroleum PLC, one of the more successful companies produced by the oil boom of the 1970s, for £145 million. Analysts say more such takeovers are likely, only at much lower prices.

A few less-attractive companies eventually might go bankrupt if prices remain low, analysts say. More likely, however, is that they will be forced into mergers or selling their most prized assets at distress prices, losing to financially stronger companies the opportunity to cash in when oil prices recover.

"The real problem is not that they're facing collapse," said Colin Phipps, chairman of the Association of British Independent Oil Exploration Companies. "They're facing impotence."

FIXED INCOME TRANSWORLD FUND

Société d'investissement à capital variable

Siège social: Luxembourg, 2, boulevard Royal.

R.C. Luxembourg B-22648

Messieurs les actionnaires sont priés d'assister à l'assemblée générale extraordinaire qui se tiendra le 29 mai 1986 à 11 heures en l'hôtel de la Banque Internationale à Luxembourg S.A., 2, boulevard Royal, Luxembourg, pour délibérer sur le suivant

ORDRE DU JOUR

1. Décision de modifier la devise du capital social de la société pour la libeller non plus en dollars des Etats-Unis d'Amérique mais en francs français.
2. Modifier en conséquence les articles 5-31e alinéa, 8-1ière phrase du point C3 avec suppression de la référence aux restrictions de change aux Etats-Unis d'Amérique, 23-1er et avant-dernier alinéas, 27-21e alinéa pour y remplacer la référence aux termes "dollars des Etats-Unis d'Amérique" par la référence aux termes "francs français", ces modifications impliquent également d'adapter le bibellé de l'alinéa 2 de l'article 5 des statuts qui se lira comme suit :
"le capital initial de la société était de un million de dollars des Etats-Unis d'Amérique (U.S. $1,000,000,—) entièrement libéré et représenté par cent mille (100 000) actions sans valeur nominale.
3. Décision de modifier l'article 24 pour y supprimer la référence au droit d'entrée de 0,5 %.

Les actionnaires sont informés que les points à l'ordre du jour de l'assemblée générale extraordinaire requièrent qu'au moins 50 % des actions en circulation soient présentes ou représentées à l'assemblée, les résolutions étant prises à la majorité des 2/3 des actions présentes ou représentées.

Pour participer à l'assemblée, les actionnaires sont priés de déposer leurs titres au porteur aux guichets de la Banque Internationale à Luxembourg S.A., 2, boulevard royal au moins cinq jours avant l'assemblée.

Le Conseil d'administration.

INTERNATIONAL POSITIONS

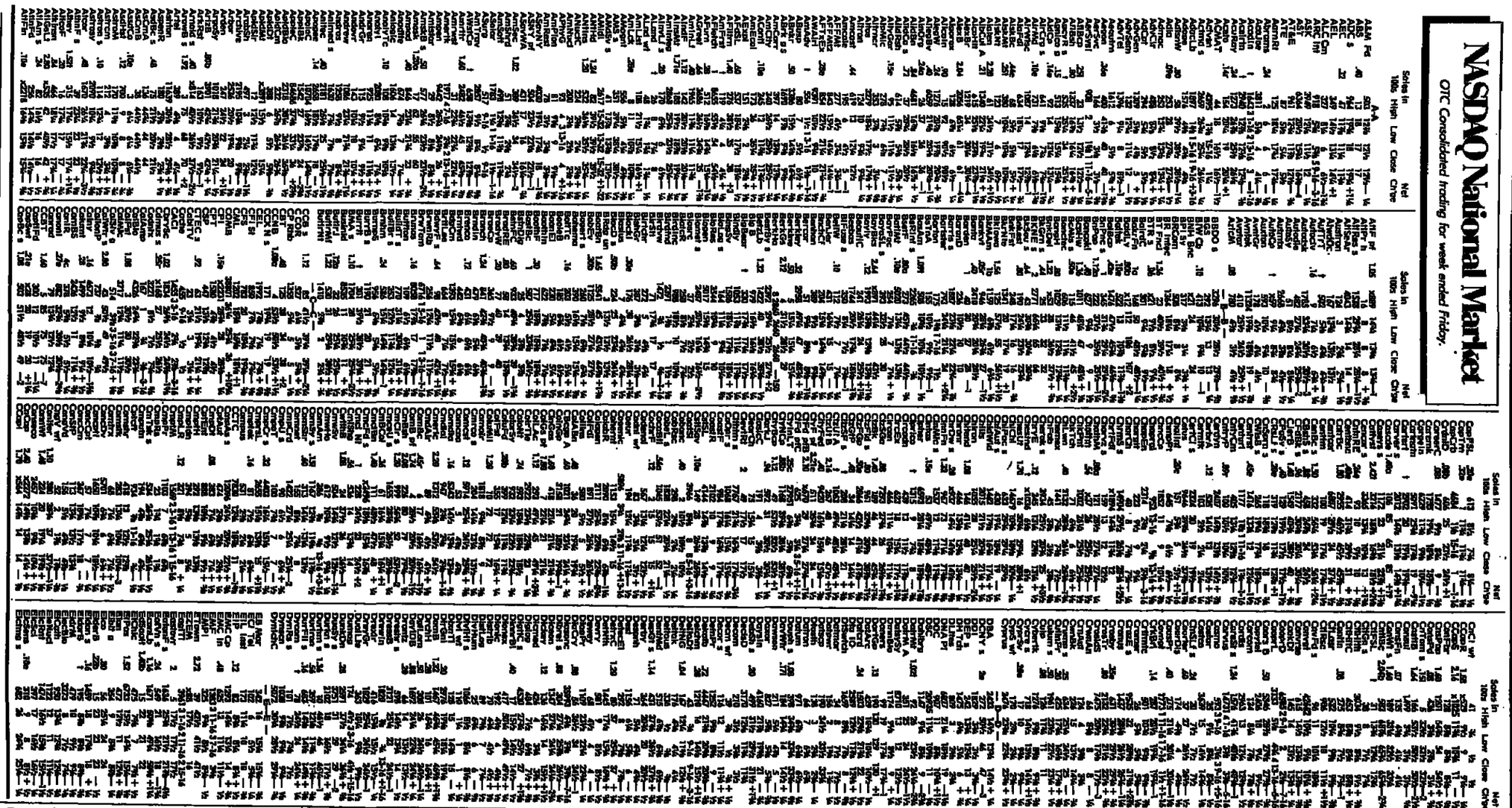
You will find below a listing of job positions published last Thursday under the rubric International Positions.

TITLE	SALARY	EMPLOYER
INTÉRPRETES (m/f) e INTÉRPRETES ADJUNTOS		A Comissão das Comunidades Europeias.
EXECUTIVE		A Holding Co.
TRADUCTOR-REVISOR	$21.261 - $32.107	FAO.
GROUP CHIEF ACCOUNTANT		A large Int'l Trading Group.
INTERPRETES (m/f) e INTERPRETES ADJUNTOS		La Comision de las Comunidades Europeas.

If you haven't seen last week's **INTERNATIONAL POSITIONS** rubric, please ask for a free copy: Max Ferrero, **INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Cedex, France.** Tel: (1) 46.37.93.81. Telex: 73595

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

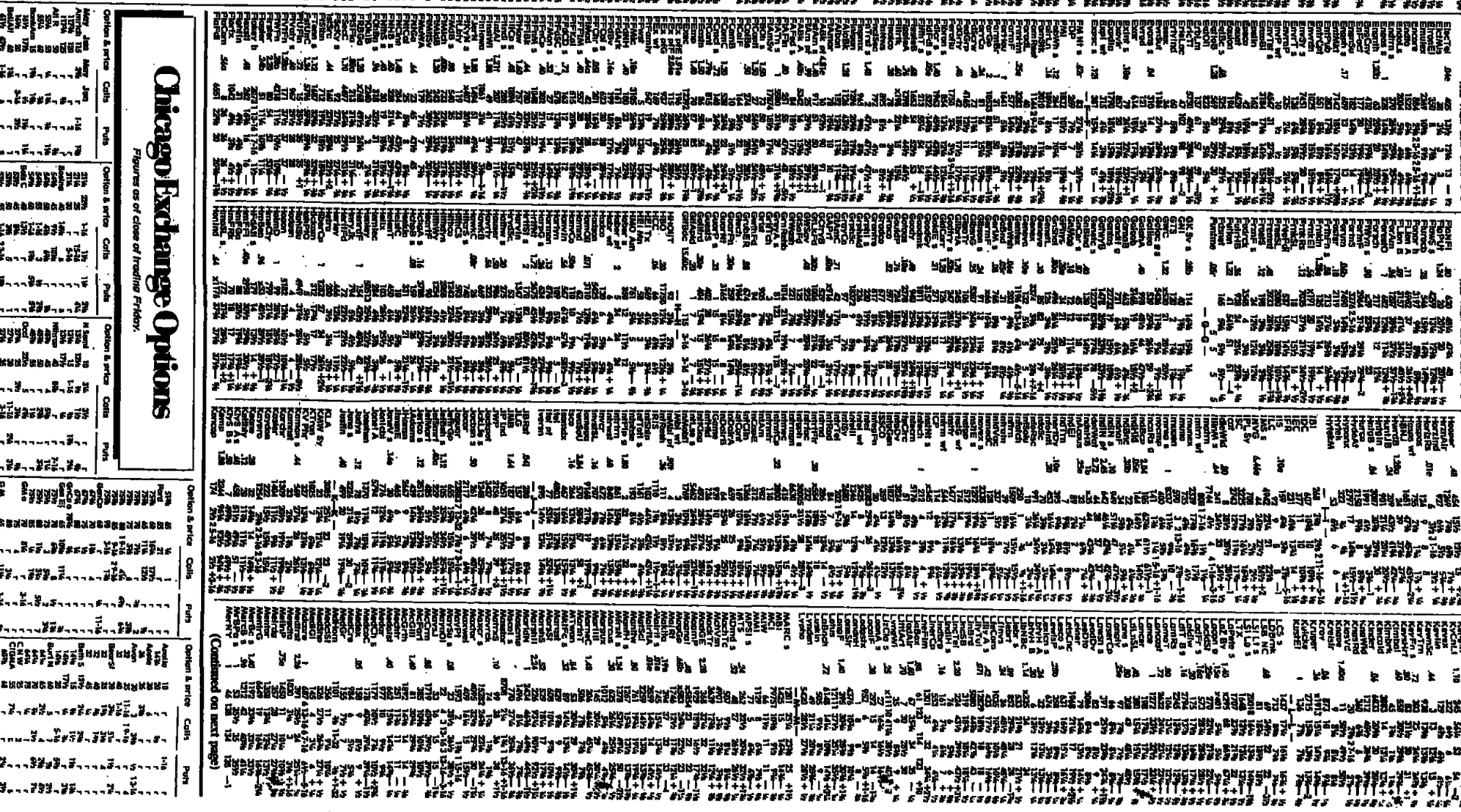


American Exchange Options

Figures as of close of trading Friday.

Chicago Exchange Options

Figures as of close of trading Friday.



(Continued on next page)

هكذا امنه الأصل

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]				

EUROPEAN COMMUNITY

Ministers to Consider Liberalizing Capital Flows

By Steven J. Dryden
International Herald Tribune

BRUSSELS — EC finance ministers will consider next month an EC Commission timetable to liberalize controls on capital movements within the community.

The elimination of such controls is one of the main goals of the commission, the community's supervisory body. It wants to create a genuine "common market" in the exchange of goods and services by 1992.

The commission plans to ask the finance ministers to approve the liberalization of restrictions on such categories of transactions as the opening of bank accounts outside the EC and the issuing of shares in other countries.

France, Italy and Ireland maintain controls in these categories, but most other EC nations do not.

In 1984, the commission granted exemptions to the three countries allowing them to maintain restrictions in another category, exchange controls, because of balance of payments problems. Since then, some of the restrictions have been eased, and the commission intends to "freeze" the exemptions so that greater controls cannot be reintroduced.

The liberalization plan still is under discussion by the commission but should be completed by the beginning of June.

Study Sees New Strategy Of Industrial Promotion

A study of EC policies has found that the community is developing a "new overall strategy with industrial promotion rather than business regulation at its center."

The study, written by John Robinson of the Brussels-based European Research Associates, says that in the past EC policies were not pursued with a great deal of coordination.

Now, "under the whip of international competition, these policies are being driven together and, in the process, are increasingly being deployed not in isolation but in combination."

The 300-page study draws the following conclusions:

- Companies will become key players in the attainment of the political goals of the EC.
- The EC Commission will act as much as a service agency for business as an initiator of laws and regulations.
- Japanese companies are likely to suffer from EC protectionist sentiment, but American companies and European companies from countries not in the EC can look forward to better treatment.
- Environmental policy is the sector in which EC business regulation is most likely to increase in the next decade.

Expansion Is Planned For Research Program

The commission plans to expand Esprit, an EC program that funds corporate research into information technology.

Spending would be increased and the program would be opened to companies based in the European Free Trade Association, Norway, Sweden, Finland, Iceland, Switzerland and Austria.

The commission wants to enlarge the program from its current level of 10,000 man years of research to 30,000 man years.

Esprit, the European Strategic Program for Research and Development in Information Technology, was started in 1984 with a budget of 750 million European Currency Units (currently $728 million), which is used to fund 50 percent of the projects submitted by companies.

The expansion of Esprit will be discussed at a meeting of EC research ministers in June but a decision is not expected until later in the year.

Bonn To Pay Farmers Compensation for Cuts

The West German government has decided to give its farmers more than 500 million DM ($226 million) to compensate for the cuts in farm prices made by the EC last month.

The financial aid was seen as an attempt to satisfy the complaints of farmers before the crucial elections in the state of Lower Saxony in June. The government would lose its majority in the upper house of the parliament in Bonn if the opposition Social Democrats win the election.

The government aid has been opposed by the EC Commission.

New Controls Proposed On Diesel Exhausts

The commission has proposed new guidelines for exhaust emissions from diesel vehicles.

It wants the controls to come into effect in October 1988 for cars whose engine size is more than two liters. Cars with smaller engines would be required to meet the new standards by January 1988.

Mutual Funds

Figures as of close of trading Friday

NEW YORK (AP) — The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

	Bid	Ask
[illegible]		

NL — No initial sales load. f — Previous day's quote. r — Redemption charge may apply. x — Ex dividend.

Last Week's NYSE

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
Unocal	144859	24⅝	22⅛	22⅝	—1⅝
PhiloEl	123020	18⅝	17⅛	17⅞	+ ½
Sperry	115724	74	71½	73½	
Oakind	98790	2½	1⅝	2	+ ⅛
AT&T	77921	24¾	22⅝	23⅝	—1⅝
IBM	78786	151½	144⅝	144⅝	—4⅞
Mobil	67590	31¼	29⅝	30	— ⅜
EastAir	63155	9½	8½	9⅛	+ ½
K mart	59674	51¼	47⅝	50	+1⅛
BaxtTr	51452	20⅝	19⅛	19¼	
Navistr	49876	10½	8⅝	9½	—1
Safewy	45984	41½	37⅝	40⅝	+3⅛
MasevF	44327	3⅝	2⅝	3½	+ ⅛
AmExp	41026	60¼	57¼	57½	— ½
Inexco	40273	5⅝	4⅝	5¼	+1½
RCA	39971	65⅝	65½	65½	
EKodk	39361	59¼	56⅝	57	+ ⅛
GifStUt	39141	11	10	10¼	+ ⅛
Chrys s	37572	39	35⅝	35⅝	—2½

NYSE Sales

	Sales Vol.
Total for week	621,770,000
Week ago	626,940,000
Year ago	573,360,000
Two years ago	413,940,000
Jan 1 to date	13,754,864,263
1985 to date	10,358,930,800
1984 to date	8,989,780,800

NYSE Diaries

	Today	Prev. day
Advanced	563	451
Declined	1002	1149
Unchanged	438	405
Total issues	2003	2005
New highs	16	40
New lows	11	10

Last Week's AMEX

AMEX Sales

	Sales Vol.
Total for week	62,190,000
Week ago	59,710,000
Year ago	33,940,000
Jan 1 to date	1,270,220,000
1985 to date	834,730,000
AMERICAN BONDS =	
Total for week	18,930,000
Year ago	17,340,000

AMEX Diaries

	This Wk	Last Wk
Advanced	284	503
Declined	497	288
Unchanged	149	134
Total Issues	930	925
New Highs	87	85
New Lows	18	21

Treasury Bills

Figures as of close of trading Friday

Due	Bid	Ask	Yld
-1986-			
5-22	5.83	4.95	5.82
5-29	4.87	4.67	4.74
6-5	5.71	5.65	5.74
6-12	5.84	5.80	5.90
6-19	5.80	5.74	5.85
6-26	5.84	5.78	5.90
7-3	6.10	6.06	6.19
7-10	6.15	6.11	6.25
7-17	6.17	6.13	6.28
7-24	6.18	6.16	6.32
7-31	6.19	6.17	6.33
8-7	6.22	6.20	6.37
8-14	6.21	6.19	6.37
8-21	6.21	6.19	6.38
8-28	6.21	6.17	6.36
9-4	6.26	6.22	6.43
9-11	6.26	6.24	6.45
9-18	6.27	6.23	6.45
9-25	6.30	6.28	6.52
10-2	6.21	6.19	6.43
10-9	6.29	6.27	6.52
10-16	6.29	6.25	6.51
10-23	6.19	6.15	6.41
10-30	6.30	6.28	6.55
11-06	6.31	6.29	6.57
11-06	6.27	6.25	6.54
11-28	6.31	6.29	6.59
12-26	6.29	6.27	6.57
-1987-			
1-22	6.33	6.31	6.63
2-19	6.41	6.37	6.71
3-19	6.40	6.36	6.72
4-16	6.41	6.39	6.78
7-5	6.38	6.26	6.77

Western Nations Agree To Debt Relief for Zaire

Reuters

PARIS — Western creditor nations have agreed to a significant rescheduling of Zaire's official debt, France's Finance Ministry announced. No figures were given.

The statement, issued Friday after a meeting in Paris between representatives of 11 nations and a Zairean delegation, said the rescheduled payments would be made over 10 years, including a five-year grace period.

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INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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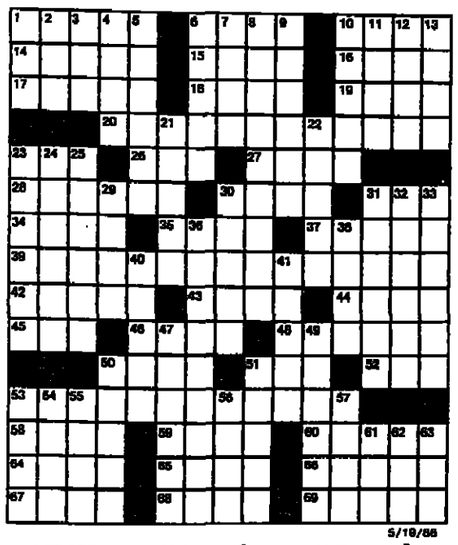

5/19/86

ACROSS

1 Peer
6 Japanese prime minister: 1941-44
10 Mine conveyance
14 Civvies
15 Regretted
16 Aniseed-flavored liqueur
17 Smoke residues
18 Renaissance name
19 Scout's challenge
20 Hidden, as an ace
23 Psychic initials
26 Down
27 Early Chinese dynasty
28 Grassy areas
30 Saroyan hero
31 Water-depth units: Abbr.
34 Worry
35 Wight or Man
37 Marquetry
39 With the help of another
42 Rent again
43 City of Seven Hills
44 Gist
45 Ess follower
46 —— it (walk)
48 Appear from a cave
50 Philippine island
51 Shoshonean
52 Uncle of note
53 Confidential
58 Wading bird
59 "—— the picture!"
60 Presider's need
64 Periods
65 Like October leaves
66 Philip Nolan, e.g.
67 Christie was one
68 —— the boards (acted)
69 Wash lightly

DOWN

1 Famous European spa
2 "—— Vadis?": 1951 film
3 Sky mystery
4 Aleutian island
5 Spoke like a toddler
6 Council city: 1545-63
7 River to The Wash
8 Band of high-speed winds
9 Texas oil center
10 Type of payment
11 Futhark unit
12 Russian sea
13 Speck
21 Watering place
22 "The sky's the ——!"
23 Squire
24 River Jolson loved
25 Inmate's aim
29 Descartes
30 Standoffish
31 Handbills
32 Large, white grape
33 Word with solar or school
36 He mooches
38 Thing sometimes dropped
40 An anesthetic
41 Man has 32 of these
47 Orchestra member
49 Scant
50 Have done with
51 You: Sp.
53 Secondhand
54 Writer Ephron
55 Small amount
56 Architect Saarinen
57 Move along a runway
61 —— rosé
62 Chi. trains
63 Strasberg of the theater

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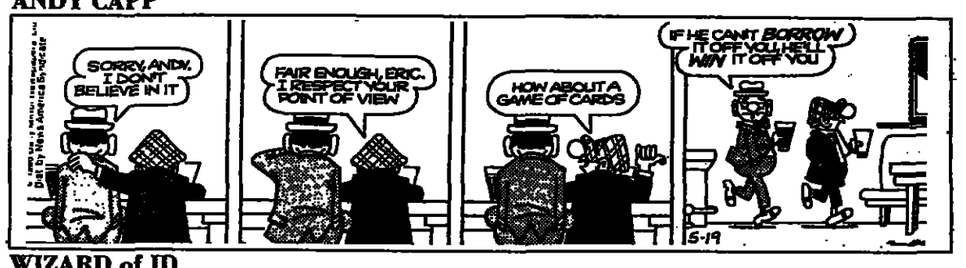
PEANUTS

BLONDIE

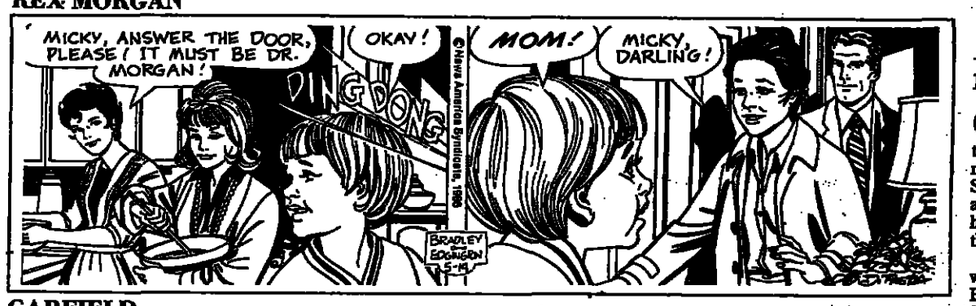
BEETLE BAILEY

ANDY CAPP

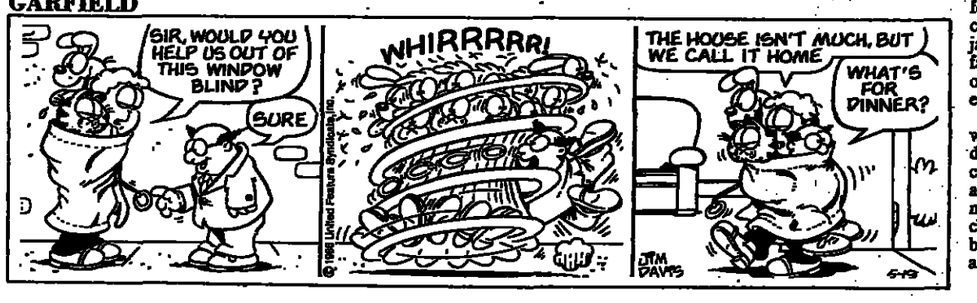


WIZARD of ID

REX MORGAN



GARFIELD



DENNIS THE MENACE

"HOW COME WIVES ALWAYS MARRY HUSBANDS?"

JUMBLE® THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

NALBA

DAAGE

HUNGOE

THALIG

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: AN "——————" ONE

(Answers tomorrow)

Thursday's Jumbles: BOOTH DUSKY SCORCH FOIBLE
Answer: What a man who plants his feet firmly in the ground sometimes gets—DIRTY SHOES

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	23	73	17	63	c
Amsterdam	17	63	14	57	cl
Athens	26	79	17	63	cl
Barcelona	22	72	13	55	fr
Belgrade	23	73	15	59	cl
Berlin	23	73	14	57	cl
Brussels	19	66	14	57	r
Bucharest	27	81	10	50	fr
Budapest	22	72	12	54	fr
Copenhagen	11	52	8	46	r
Costa Del Sol	23	73	17	63	cl
Dublin	15	59	11	52	fr
Edinburgh	13	55	11	52	r
Florence	25	77	17	63	fr
Frankfurt	22	72	14	57	sh
Geneva	26	79	13	55	cl
Helsinki	16	61	4	39	fr
Istanbul	28	68	12	54	fr
Las Palmas	22	72	16	61	fr
Lisbon	23	73	16	61	c
London	16	61	11	52	c
Madrid	30	86	11	52	cl
Milan	26	79	18	64	fr
Moscow	29	68	11	52	cl
Munich	25	77	10	50	fr
Nice	25	77	17	63	fr
Oslo	12	54	4	39	c
Paris	22	72	16	61	cl
Prague	23	73	11	52	cl
Reykjavik	11	52	2	36	fr
Rome	26	79	14	57	fr
Stockholm	17	63	7	45	cl
Strasbourg	23	73	16	61	c
Venice	25	77	16	61	cl
Vienna	22	72	11	52	cl
Warsaw	21	70	6	43	c
Zurich	22	72	13	55	cl

MIDDLE EAST

Ankara	17	63	8	46	sr
Beirut	—	—	—	—	na
Damascus	26	79	8	46	fr
Jerusalem	25	77	10	50	fr
Tel Aviv	25	77	11	52	fr

OCEANIA

Auckland	18	64	13	55	sh
Sydney	25	77	15	59	sh

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	—	—	—	—	na
Beijing	24	75	14	57	c
Hong Kong	27	81	23	73	c
Manila	30	86	24	75	r
New Delhi	39	102	25	77	fr
Seoul	24	75	15	59	r
Shanghai	28	82	19	66	c
Singapore	—	—	—	—	na
Taipei	32	90	26	79	c
Tokyo	23	73	15	59	fr

AFRICA

Algiers	25	77	17	63	fr
Cairo	27	81	14	57	fr
Cape Town	22	72	13	55	c
Casablanca	22	72	15	59	c
Harare	23	73	11	52	fr
Lagos	29	84	24	75	c
Nairobi	24	75	15	59	cl
Tunis	27	81	15	59	fr

LATIN AMERICA

Buenos Aires	17	63	12	54	c
Caracas	29	84	19	66	cl
Lima	22	72	12	54	c
Mexico City	31	88	13	55	c
Rio de Janeiro	29	84	22	72	cl

NORTH AMERICA

Anchorage	13	55	3	37	pc
Atlanta	29	84	17	63	pc
Boston	26	79	15	59	pc
Chicago	29	84	19	66	cl
Denver	21	70	3	37	fr
Detroit	23	73	16	61	r
Honolulu	31	88	22	72	c
Houston	24	75	16	61	cl
Los Angeles	31	88	16	61	fr
Miami	29	84	23	73	cl
Minneapolis	18	64	5	41	fr
Montreal	18	64	15	59	cl
Nassau	28	82	20	68	pc
New York	29	84	18	64	cl
San Francisco	23	73	12	54	fr
Seattle	18	64	9	48	cl
Toronto	21	70	13	55	pc
Washington	32	90	18	64	fr

c=cloudy; fo=foggy; fr=fair; h=hail; s=overcast; sc=partly cloudy; r=rain; sh=showers; sw=snow; st=stormy.

MONDAY'S FORECAST — CHANNEL: Smooth. FRANKFURT: Fair. Temp. 24 — 17 (75 — 64). LONDON: Overcast. Temp. 17 — 10 (63 — 50). MADRID: Overcast. Temp. 25 — 10 (77 — 50). NEW YORK: Cloudy. Temp. 26 — 18 (79 — 64). PARIS: Cloudy. Temp. 22 — 14 (73 — 57). ROME: Fair. Temp. 27 — 13 (81 — 55). TEL AVIV: No. ZURICH: Fair. Temp. 23 — 11 (73 — 52). BANGKOK: Fair. Temp. 34 — 26 (93 — 79). HONG KONG: Cloudy. Temp. 28 — 25 (82 — 77). MANILA: Thunderstorms. Temp. 32 — 24 (90 — 75). SEOUL: Thunderstorms. Temp. 24 — 15 (75 — 59). SINGAPORE: Thunderstorms. Temp. 31 — 24 (88 — 75). TOKYO: Mist. Temp. 23 — 15 (73 — 59).

BOOKS

SHCHARANSKY: Hero of Our Time

By Martin Gilbert. 467 pages. $24.95. Viking, 40 West 23d Street, New York, N. Y. 10010.

Reviewed by Michiko Kakutani

THE story of Anatoli Shcharansky is the story of the "refusenik" movement in the Soviet Union, the story of all Jews there who have fought for the right to emigrate. It is a story of courage and honor and "perpetual optimism," and it is the story of one man, who spent years in Soviet prisons and labor camps, defying a system intent on destroying him.

Shcharansky was freed in February, so Martin Gilbert's new biography is particularly timely. According to the preface, the book was completed three weeks before the East-West prisoner exchange, and was based largely on material collected by Gilbert over the last three years. There are considerable overlaps with "The Jews of Hope" — Gilbert's 1984 study of the refusenik movement and of anti-Semitism in the Soviet Union. In a sense, "Shcharansky" can be read as a companion volume to that earlier book.

In the first portion of this biography, Shcharansky is most frequently seen through a wide-angle lens, as one of many activists working for the right of Jews to emigrate. A few cursory pages are devoted to his youth and early manhood — his aptitude for chess is noted, as is his gift for mathematics — but Gilbert seems mainly interested in sketching the political and social landscape in which the activist came of age.

He documents the growing signs of anti-Semitism in the Soviet Union during the early 1970s, including "a steady growth in the number of Jewish prisoners, abuse of Israel in the newspapers, denunciation of Zionism as fascism, and the continued rejection of applications to leave." And through his hero's experiences he traces the growth of the refusenik movement, its struggles and its gradual garnering of international support.

Having applied for an exit visa in the spring of 1973, Shcharansky is repeatedly turned down by the government on the ground that his computer work has given him "access to classified materials." He is unwilling to accept his fate passively — his wife, Avital, has succeeded in emigrating to Israel, and he is determined to join her there. As pressures against Jewish activists and other dissidents escalate, he becomes increasingly active in the refusenik cause.

He signs letters of protest, participates in public demonstrations, joins the Helsinki watchdog committee. With his easy smile, twinkling humor and quick command of English, he becomes a popular spokesman for the refusenik community, openly discussing problems with Westerners in the belief that publicity will help advance the cause. Doubtless it does, but it also makes Shcharansky a highly visible target for the KGB. On March 15, 1977, he is arrested, and subsequently is charged with treason.

For Shcharansky's fellow activists, as for observers in the West, the trial becomes a kind of landmark case. It is a trial that will not only determine the course of a man's life but will indicate the direction of Soviet domestic and foreign policy. Not unexpectedly, Shcharansky is found guilty. On July 14, 1978, he is sentenced to 13 years in prison and labor camp for treason, espionage and anti-Soviet agitation.

In chronicling Shcharansky's arrest, trial, sentencing and imprisonment, Gilbert does a succinct, comprehensive job of assembling information from newspaper accounts, official documents and eyewitness observation. He writes simply and soberly about terrible events, allowing the facts to speak for themselves.

Throughout the first two-thirds of the book, however, he gives us only intermittent glimpses of his hero — an anecdote illustrating his sense of humor here, another demonstrating his intellect there. Only in the last section of the book — which contains lengthy excerpts from Shcharansky's letters — do we begin to experience the spirit of this brave and remarkable man.

Writing to his parents, the prisoner seems more concerned about their health and emotional well-being than his own — minimizing his medical problems (at one point, he is on the verge of losing his eyesight; at another, in danger of dying from starvation) while he tries to entertain them with jokes, stories and bits of childhood reminiscence. He draws pictures for them, remembers the birthdays of friends, jokingly figures out the odds of his receiving mail, and consoles himself by "imagining what my dear ones in Moscow, Jerusalem and other places are doing that very moment."

Occasionally, fragments of pain and loneliness break through — "there are really no limits to human longing," he writes in one letter — but again and again, his optimism reasserts itself. He tells about substituting reading for communication with the outside world, and about practicing mental gymnastics — in part to prepare for interrogation sessions, in part to conquer the fear in himself.

In the end, Shcharansky's correspondence becomes the heart of this book, revealing his heroism in a way that Gilbert's best documentary efforts cannot.

Michiko Kakutani is on the staff of The New York Times.

Solution to Friday's Puzzle

C	O	P	T		A	R	A	B		S	C	R	I	M
A	L	A	I		R	O	S	A		P	R	U	N	E
M	A	G	N	E	T	I	S	M		O	A	S	T	S
		O	D	A	Y			B	R	O	W	S	E	S
J	A	P	E	S		C	R	O	O	K		I	R	E
A	L	A	R	Y		H	O	O	L	I	G	A	N	
B	E	G			G	U	Z	Z	L	E	R			
	C	O	R	T	E	Z		L	E	R	O	Y	S	
		W	H	I	Z	Z	E	R			O	A	F	
	K	R	E	I	S	L	E	R		L	A	K	M	E
S	A	O		S	H	E	D	S		E	C	O	L	E
C	H	O	C	T	A	W			B	A	T	H		
R	A	T	E	L		L	N	S	I	N	U	A	T	E
A	N	E	L	E		T	E	E	N		A	M	O	S
P	A	R	A	S		S	W	A	G		L	A	M	P

6/17/86

BRIDGE

By Alan Truscott

ON the diagramed deal West had to lead against the normal contract of three no-trump. It might appear that South has an easy task with the actual lie: He can score three heart tricks and two in each of the other suits.

The normal lead for West was a diamond, the unbid suit. But West favored active defense and put a remarkable card on the table: The club jack. This is unlikely to set a fashion for second-best leads, or third-worst, but it succeeded brilliantly.

South allowed the jack to win and noted that East had dropped the ten. When West continued with the seven, the ace was played from the dummy. Not unnaturally, the declarer was now convinced that both missing clubs, the king and the eight were on his right.

The defense now produced a series of ducking plays that left South groping. He led a heart to the jack, which West ducked smoothly. He led a spade to the jack, and it was East's turn to duck. The heart ten was led for a finesse, and this time West produced his king and shifted to a diamond. The queen forced the ace, and a spade was led to the queen. East ducked again, and South took his two heart winners to reach this position:

NORTH
♠ K 4
♡ —
◇ —
♣ Q 3

WEST
♠ —
♡ —
◇ J 7
♣ K 8

EAST
♠ A 10
♡ —
◇ 8 6
♣ —

SOUTH
♠ 9
♡ —
◇ K 10
♣ 6

South needed two more tricks, and could have made them by leading a club or by cashing the diamond king and leading either minor-suit. But he was still in the grip of the illusion created by West on the first trick. He led a spade and East took two tricks in that suit. West took the setting trick by discarding the club eight and then matching South's discard at the 11th trick.

NORTH(D)
♠ K Q J 4
♡ 10 6 3
◇ 9 2
♣ A Q 3 2

WEST
♠ 8 6
♡ K 8 7 4
◇ J 7 5
♣ K J 8 7

EAST
♠ A 10 7 2
♡ 5 2
◇ Q 8 5 4 3
♣ 10 9

SOUTH
♠ 9 5 3
♡ A Q J 9
◇ A K 10
♣ 6 5 4

East and West were vulnerable. The bidding:

North	East	South	West
1 ♣	Pass	1 ♡	Pass
1 ♠	Pass	3 N.T	Pass
Pass	Pass		

West led the club jack.

U.S., Cuba Dominate; Horta, Stevenson Win Third Titles

Compiled by Our Staff From Dispatches

RENO, Nevada — Teofilo Stevenson and Adolfo Horta of Cuba became the first fighters to win three gold medals in amateur boxing's world championships as their country and the United States each won three of the six titles decided Saturday in this year's 350-man, 35-country competition.

Stevenson stopped Alex Garcia of the United States in the second round of the super heavyweight title bout and Horta decisioned Engels Pedrosa of Venezuela, 3-2, to take the 132-pound (59.8-kilogram) title.

With 300 victories and three Olympic titles to his credit, Stevenson, 35, was too experienced for Garcia. After jabbing and keeping Garcia away in the first round, Stevenson set him up with a left hook and floored him with a right hand in the second round.

Garcia got up but seconds later was knocked through the ropes by another right to the head and the referee stopped the contest.

Horta, 28, edged out his larger teammate for the honor of "first" three-time titlist by less than an hour. He repeatedly beat Pedrosa to the punch with left-right-left combinations.

Horta won his first title in 1978 at 119 pounds and his second in 1982 at 125.

Kelcie Banks, at 125 pounds, and Kenneth Gould, at 147, led off for the U.S. team, taking gold medals from Cubans Jesus Sollet and Candelario Duvergel. Darin Allen, 21, made it three titles for the United States with a 5-0 decision over Henry Maske of East Germany at 165 pounds.

Banks, 21, took a 4-1 decision from Sollet, scoring frequently with combinations in the second half of the bout.

Gould, 19, and Duvergel fought the closest bout of the day. The 3-2 decision probably was decided by a point the referee deducted from Duvergel's score for hitting on a break in the third round. The deduction drew a disgusted look from Gould and boos from the crowd.

The third Cuban gold was won in the 201-pound match when Felix Savon unanimously decisioned Arnold van der Lijde of Holland.

Horta, who said that "it's a great accomplishment having won three gold medals in different weight classes," added that "I'm looking forward to 1988 because I haven't been an Olympic champion."

Stevenson has said that he is planning to go to Seoul in 1988 to seek a fourth title. *(UPI, AP)*

Twitty, Edwards Lead In Rain-Shortened U.S. Golf Tournament

The Associated Press

FORT WORTH, Texas — Heavy rain Saturday washed out the third round of the Colonial National Invitation and reduced the golf tournament to 54 holes.

The tournament was to conclude with a single round of 18 holes on Sunday. That would make it the first time in its 40-year history that the Colonial would be played at less than 72 holes.

On Friday, Howard Twitty birdied two of his last three holes for a 68 that tied David Edwards for the tourney lead. Edwards shot three-under-par 67.

At 136 they were a stroke ahead of Dan Pohl and Bob Tway. At 138 were defending champion Corey Pavin, Bill Rogers, D.A. Weibring, Bob Gilder, Bob Lohr and Gene Sauers. Gilder carded the best round Friday, a 65; Sauers, the first-round leader, shot 72.

Severe thunderstorms preceded a steady rain Saturday and the Fort Worth area was under a tornado watch most of the day. A deep, swift stream ran across the 17th and 18th fairways of the Colonial Country Club course.

Rookie Racks Up 14th, 15th Homers as Angels Win

Compiled by Our Staff From Dispatches

DETROIT — Wally Joyner, who said he's "just trying to put the ball into play," instead has been putting a lot of baseballs out of play. Far out of play.

The California Angel rookie leads the major leagues with 15 home runs and 37 runs batted in. On Friday night, he homered twice during an 11-1 defeat of the Tigers.

"I've never hit that many" home runs "before in my life," said Joyner, 23. He has never before hit more than 12 in a season in professional baseball.

"The two homers I hit in the game were easier than batting practice, but I guess that's because of the excitement of the game and the fact the pitchers were throwing a little harder."

Joyner, who has homered in six of his last eight games and has five game-winning RBIs, homered in the first inning against Dan Petry, driving a 1-0 pitch high off the facing of Tiger Stadium's third deck. Joyner hit No. 15 in the seventh, an upper-deck line drive off Bill Campbell.

A's 8, Orioles 4: In Baltimore, Tony Phillips got five hits and drove in four runs as Oakland halted the Orioles' six-game winning streak.

Phillips, a .257 hitter in three previous seasons, became the first player in Oakland's 19-year major-league history to hit for the cycle. He opened the game with a home run, then singled, doubled, singled and tripled.

Rangers 4, Red Sox 1: In Boston, rookie Jose Guzman pitched a seven-hitter and Oddibe McDowell, Pete Incaviglia and Steve Buechele hit bases-empty homers for Texas. Guzman walked four and struck out one in his first complete game in the majors.

Mariners 7, Yankees 3: In New York, Jim Presley twice hit two-run singles for Seattle, each time after a passed ball.

White Sox 4, Royals 2: In Chicago, Reid Nichols drove in three runs with a bases-loaded double in the fifth to help beat Kansas City.

Blue Jays 7, Indians 6: In Toronto, Jesse Barfield drove in four runs with a double and a single and George Bell and Rance Mulliniks each got three hits against Cleveland.

Brewers 7, Twins 6: In Milwaukee, Bill Schroeder's single over drawn-in right fielder Tom Brunansky scored Juan Castillo from third with the run that beat Minnesota after the Brewers left a club-record 19 runners stranded on base.

Dodgers 4, Mets 3: In the National League, in Los Angeles, Bill Russell laid down a squeeze bunt with runners on first and third and one out in the 11th to score Mike Marshall and beat New York.

Dave Anderson led off the inning with an infield single off Jesse Orosco, who had not given up a run in 12 appearances this season. Marshall forced Anderson at second, then dashed to third on Mike Scioscia's hit-and-run single. Met third baseman Ray Knight had no choice but to wait for Russell's bunt to roll foul. It died on the grass in fair territory as the winning run crossed the plate.

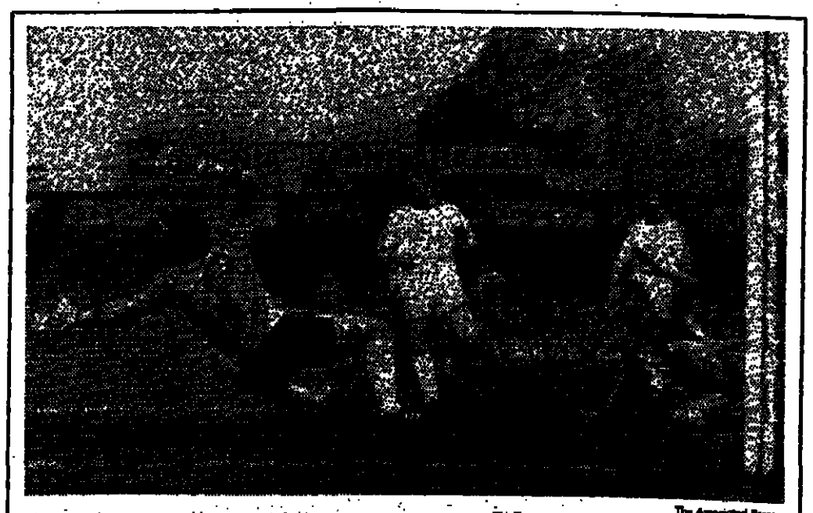
Braves 6, Cardinals 2: In Atlanta, Rick Mahler pitched a four-hitter and Bob Horner and Ozzie Virgil each drove in two runs against St. Louis.

Reds 7, Pirates 2: In Cincinnati, John Denny and John Franco held Pittsburgh to six hits and Buddy Bell went 2-for-3 with three RBIs.

Astros 9, Cubs 6: In Houston, pinch-hitter Dickie Thon's two-run double during a six-run sixth-inning rally helped offset two homers by Chicago's Jody Davis.

Expos 3, Padres 2: In San Diego, Mitch Webster, Mike Fitzgerald and Hubie Brooks each hit a solo homer for Montreal and Joe Hesketh and Jeff Reardon held the Padres to seven hits.

Phillies 3, Giants 0: In San Francisco, Steve Carlton and Kent Tekulve pitched a five-hitter for Philadelphia's first shutout this season. Rick Schu drove in the winning run with a sacrifice fly. *(UPI, AP)*



The Associated Press

GOAL — Preben Elkjaer (hand upraised, right) scored the game's only goal in the 61st minute as Denmark beat Poland in a World Cup soccer warm-up match Friday in Copenhagen. It was Denmark's first victory over Poland since the 1960 Olympics in Rome.

هكذا امنه للأصل

SPORTS

Flames Win Opener Over Montreal, 5-2

The Associated Press

CALGARY, Alberta — Getting special performance from their ecialty teams and some goals m Dan Quinn and Lanny Mc-nald, the Calgary Flames haim-red out a 5-2 victory over the ontreal Canadiens in Friday ght's opener of the Stanley Cup als, the championship series of National Hockey League.

"We weren't worried" at falling rind, 1-0, in the first period, Mc-nald said. "We knew we could

STANLEY CUP FINALS

nce back. Our penalty-killing been just exceptional lately." happened precisely that way, the Flames turned back five ight manpower advantages held the high-powered Canadien er-play unit. The Flames also red four unanswered goals, in-ding the game-breakers by inn and McDonald early in the d period.

Dan's goal was the crucial one," onald said. "It came at an portant time for us."

uinn scored with Calgary rthanded at 2:14 of the third od to give the Flames a 3-1 lead some breathing room.

uinn tallied his eighth goal of playoffs almost single-handed-He stole the puck at center ice from Chris Chelios, skated in and fired from the lower face-off circle, beating goaltender Patrick Roy on the far side.

McDonald, a 13-year veteran, scored at 3:33 on a 20-footer from the slot after getting a face-off pass from Nick Fotiu. The goal was McDonald's 10th of the playoffs, tying him with teammate Joe Mullen and Greg Paslawski of St. Louis for most goals in the 1985-86 playoffs.

Mike Vernon, Calgary's rookie goaltender, made 22 saves while recording his 12th victory of the playoffs. Roy made 25 saves.

John Tonelli got the Flames started, tying the score late in the first period. Al MacInnis, who has one of the sport's hardest slapshots, fired a 60-footer from the blue line that Roy blocked. But the goalie was out of position when Tonelli sailed across the crease and knocked in the rebound for his sixth goal of the playoffs.

Montreal Coach Jean Perron called it a "tough game. We had some momentum at the start, then gave it back to Calgary."

The Flames were supposed to be a tired team, but they had plenty of energy for their debut in the best-of-seven cup final. They clinched their spot in the finals last Wednesday, while the Canadiens had had a week off to prepare for their 27th trip to the championship round.

The Associated Press

Snow Chief, under Alex Solis, winning the 1986 Preakness.

Snow Chief Captures Preakness by 4

By Andrew Beyer
Washington Post Service

BALTIMORE — Ever since the Kentucky Derby, trainer Mel Stute had been depressed and mystified by the dismal performance of Snow Chief. He knew it might be prudent to skip the Preakness Stakes, but he believed so strongly in his colt that he couldn't resist giving him one more chance.

Stute's faith was rewarded on Saturday. Before a record crowd of 87,652 at Pimlico, Snow Chief overpowered the same rivals who had beaten him in Kentucky, scoring a four-length victory over Derby-winner Ferdinand.

It was by far the best race of Snow Chief's career. His time of 1:54-4/5 was excellent over a slower than usual Pimlico track and was only 1-2/5 seconds off the Preakness record set last year by Tank's Prospect.

"I got a little bit of revenge," said Stute, who had predicted a Derby victory for Snow Chief. "It vindicated my judgment."

Snow Chief also was abetted by a perfect ride from 22-year-old Alex Solis, who had been subjected to some criticism for his ride at Churchill Downs, where the horse finished 11th. Solis took advantage of a relatively slow pace in the early stages of the Preakness, and that was the difference that probably accounted for the drastic change in the horse's form.

Everybody involved in the Preakness was acutely aware that the lightning-fast first half-mile of the Derby had taken a toll on the front-runners. So when the gate opened Saturday, all the riders were taking hold of the reins and trying to restrain their mounts.

Groovy went to the front, as usual, but instead of zipping a half mile in :45-1/5, as he did in the Derby, jockey Craig Perret slowed him down, going the first quarter in a dawdling :23-4/5 and the half in 47:2/5. Solis had Snow Chief positioned on the rail, just behind Groovy.

On the backstretch, the two leaders were four lengths ahead of the rest of the pack, and more than 10 lengths in front of Ferdinand and the favorite, Badger Land.

Since Snow Chief figured to dispose of the faint-hearted Groovy whenever Solis asked him to, his position couldn't have been more ideal. Stute and the colt's owners, Carl Grinstead and Ben Rochelle, could feel their hopes soaring as the race developed. "When I saw that half-mile in 47 and change," Grinstead said, "I knew we were going to have a big shot."

As the leaders approached the final turn, the pace quickened. They hit the six-furlong mark in 1:11, and Groovy was starting to weaken. As he did, Snow Chief surged into command along the rail, and only the Maryland-bred Broad Brush was close enough to offer a challenge.

But he wasn't going anywhere, either.

Snow Chief opened a four-length lead early in the stretch, and although Ferdinand and Bill Shoemaker were rallying on the rail, they could never cut into his margin. "No excuse," said Shoemaker, 54, who was deprived of his shot at a Triple Crown. "He ran a good race, but he wasn't good enough to beat the winner."

Snow Chief maintained his four-length lead to the wire, while Ferdinand was 6½ lengths ahead of Broad Brush, who held on for third, a nose in front of Badger Land, who went off as the 9-to-5 favorite. Badger Land had no excuses otherwise. "They were stronger than him today," jockey Jorge Velasquez said.

Miracle Wood, Groovy and Clear Choice brought up the rear.

Snow Chief paid $7.20, $4.80 and $3.60.

The winner's effort was the most dramatic chapter of a rags-to-riches story. The son of Reflected Glory, a thoroughly undistinguished sire whose stud fee was $2,000, Snow Chief is one of the worst-bred horses ever to become a contender in the Triple Crown series. But he mocked his origins and, with the cannily aggressive management of Stute, he amassed earnings of $1.7 million before the Kentucky Derby.

Hailed as the brightest star of his generation before the Derby, Snow Chief was almost forgotten after his Derby finish, nearly 20 lengths behind Ferdinand. What attention he did get mostly involved second-guessing of Stute's decision to come to Pimlico: Wasn't the horse trying to tell the trainer that he needed a rest?

But on Saturday, Snow Chief showed there had been nothing wrong with him — that the pace was the explanation for his Derby defeat.

Snow Chief earned $411,900, boosting his career earnings beyond $2 million — with more to come. Stute indicated he probably would run his colt next in the $1 million Jersey Derby May 26 and skip the Belmont Stakes.

"I don't want to use him a mile and a half," the Belmont distance, Stute said. "It might end him for the rest of the year."

And if the horse isn't going to get much rest for a while, his trainer finally can relax after what were surely the most stressful weeks of his career. "The Derby was kind of hard on me," Stute said Saturday evening. "But tonight I don't have to make any excuses."

■ **Family Style Wins**

Family Style overtook Steel Maiden at the top of the stretch and went on to a 3¼-length victory in Friday's Black-Eyed Susan Stakes for 3-year-olds, the filly equivalent of the Preakness Stakes, The Associated Press reported from Baltimore.

It was the first victory in six 1986 starts for Family Style, an Eclipse Award winner as a 2-year-old, trained by D. Wayne Lukas.

SCOREBOARD

Baseball

iday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS
AMERICAN LEAGUE

s 100 011 100—4 8 0
.n 000 000 001—1 7 1
zman and Slaught; Hurst and Gedman. Buzman, 3-5. L—Hurst, 3-3. HRs—Texas, owell (5), Incaviglia (7), Buechele (4). n, Lyons (1).
ie 102 000 200—7 8 0
Yark 005 000 021—3 10 2
ngton, Ladd (9) and Yeager; Niekro, r (7), Armstrong (9) and Wynegar. W—ton, 2-3. L—Niekro, 4-2. Sv—Ladd (3).
ornia 140 002 210—11 13 0
it 000 000 010— 1 7 2
Toad Boone; Petry, Scherrer (2), Camp-6), Hernandez (9) and Parrish, Sellman /—Witt, 3-3. L—Petry, 3-3. HRs—Collor-layner 2 (15), Petitis (2), Schofield (4).
land 021 001 200—4 10 1
ite 001 015 00x—7 10 0
ndiotti, Kern (6), Bedrosian (8) and Bando; nder, Acker (6), Eichhorn (7) and Whitt. cker, 1-2. L—Candiotti, 2-4. Sv—Eich-(3). HRs—Cleveland, France (3), Thorn-(3).
s City 110 000 000—2 7 0
ge 100 030 00x—4 9 1
prandi, Farr (6) and Quirk; Dotson, Nel-), James (9) and Skinner. W—Dotson, 2-Leibrandt, 4-2. Sv—James (7).
nd 131 200 010—8 14 0
more 000 200 200—4 11 2
s, Mooneyham (7), Rijo (9) and Wil-Davis, Snell (2), Havens (8) and Dempsey. efere (8). W—Hoyt, 7-1. L—Davis, 3-2. Oakland, Phillips (2), Baltimore, (3).
ania 004 020 000—6 9 0
aukee 110 121 001—7 15 2
rhean, Agosto (5), R.Davis (7) and Sa-ferman, Cocanower (5), Clear (8) and e. W—Clear, 2-1. L—R.Davis, 1-3. HRs—sota, Salas (5), Milwaukee, Cerone (1).

NATIONAL LEAGUE

ks 000 002 000—2 4 1
u 200 002 11x—4 12 0
ich, Bonser (7) and Heath. LaValliere tonier and Virgil. W—Mahler, 3-4. L—h, 2-2. HR—Atlanta, Samuels (2).
ngh 000 100 100—2 6 2
nelli 011 000 20x—7 12 0
don, DeLeon (7), Guante (7) and Pena; r, Franco (7) and Butera. W—Denny, 2-4. oden, 2-3. Sv—Franco (5).
go 212 001 000—6 9 0
go 210 005 00x—8 14 0
ersley, Boller (6), Hoffman (6), Frazier d J.Davis; Deshaies, Solano (3), Ander-, D.Smith (9) and Bailey. W—Solano, 3-Boller, 1-2. Sv—D.Smith (10). HRs—Chi-Moreland (5), J.Davis 2 (6).
ael 000 000 111—3 6 1
lego 000 100 001—2 7 0
uth, Reardon (8) and Fitzgerald; How-efferts (8), McCullers (9) and Kennedy. sketh, 2-3. L—Hawkins, 2-3. Sv—Rear-. HRs—Montreal, Webster (3), Fitzger-), Brooks (8). San Diego, Garvey (7), s (4).
delphia 100 101 000—3 9 0
Francisco 000 000 000—0 5 1
ton, Tekulve (8) and Moulton; Mason, auer (7), Minton (9) and Brantly. W—n, 2-5. L—Mason, 2-3. Sv—Tekulve (1).
York 200 000 100 00—3 6 1
ppeles 000 003 000 01—4 10 2
ten, Orosco (9) and Carter; Hershiser, l (10) and Scioscia. W—Howell, 1-2. L—, 0-1.

SATURDAY'S RESULTS
AMERICAN LEAGUE

nesota 300 000 010— 4 9 0
t 200 020 32x—10 12 1
rs, Forster (7), Corbett (8) and Boone; ll, Hernandez (8) and Parrish. W—Le-1-2. L—Slaton, 4-2. HRs—California, De-(5). Detroit, Whitaker (2), Herndon (1), (8).
land 000 001 310— 5 7 2
e 500 020 00x—11 10 2
son, Ritter (5), Easterly (7) and Allan-ey, Lamp (8), Henke (9) and Fernon-Kay, 2-3. L—Heaton, 1-3. HRs—Cleve-Carter (6), Toronto, Johnson (4), d (9).
010 000 041— 6 10 1
ork 260 001 02x—11 12 1
e, Swift (2), Nunez (7) and Kearney; bury, Holland (8), Fisher (8) and Wyne-—Tewksbury, 4-2. L—Young, 3-3. HRs—ork, Winfield (4), Roenicke (1), Griffey ntingly (4).
ld 100 000 010—2 8 0
ore 040 010 20x—8 8 1
ford, Plunk (2), Atherton (7), Dozier Bothe; McGregor and Dempsey. W—ver, 3-3. L—Langford, 1-4. HR—Baltl-Murray (6).
City 001 002 100—4 10 1
o 000 200 202—7 12 1
son, Quisenberry (7), Hulsmann (9)

or League Standings

AMERICAN LEAGUE

	W	L	Pct.	GB
East Division				
	22	13	.629	—
ork	22	14	.611	½
ore	19	15	.559	2½
kee	19	15	.559	2½
nd	18	16	.529	3½
	14	18	.471	5½
	14	20	.444	6½
West Division				
go	20	17	.541	—
	18	16	.529	½
	19	18	.514	1
City	16	18	.471	2½
	14	20	.412	4½
	14	23	.378	6
go	13	23	.361	6½

NATIONAL LEAGUE

	W	L	Pct.	GB
East Division				
rk	22	9	.710	—
	20	13	.606	3
phia	14	18	.438	8½
gh	13	17	.433	8½
	13	19	.406	9½
	13	20	.394	10
West Division				
	21	13	.618	—
isco	21	15	.583	1
o	18	17	.514	3½
ies	18	19	.486	4½
	17	18	.486	4½
n	10	22	.313	10

Tennis

Italian Open

(At Rome)
SINGLES
Quarterfinals

Ivan Lendl, Czechoslovakia, def. Henri Leconte, France, 6-4, 6-2.

Emilio Sanchez, Spain, def. Boris Becker, West Germany, 6-3, 6-4.

Yannick Noah, France, def. Diego Perez, Uruguay, 7-6 (7-5), 6-4.

Mats Wilander, Sweden, def. Libor Pimek, Czechoslovakia, 6-1, 6-2.

Semifinals

Lendl def. Noah, 1-6, 6-2, 7-6 (7-4).

Sanchez def. Wilander, 6-3, 7-5.

Final

Lendl def. Sanchez, 7-5, 4-6, 6-1, 6-1.

DOUBLES
Semifinals

Mark Edmondson, Australia, and Sherwood Stewart, U.S., def. Jimmy Arias, and Blaine Willenborg, U.S., 6-4, 6-3.

Guy Forget and Yannick Noah, France, def. Hans Gildemeister, Chile, and Andres Gomez, Ecuador, 6-2, 6-3.

Final

Forget and Noah def. Edmonson and Stewart, 7-6, 6-2.

WOMEN'S TOURNAMENT
(At Berlin)
Quarterfinals

Martina Navratilova, U.S., def. Jo Durie, Britain, 6-2, 6-1.

Hana Mandlikova, Czechoslovakia, def. Bettina Bunge, West Germany, 6-2, 6-0.

Claudia Kohde-Kilsch, West Germany, def. Petra Huber, Austria, 2-6, 6-4, 6-1.

Steffi Graf, West Germany, def. Andrea Temesvari, Hungary, 6-3, 6-3.

Semifinals

Navratilova def. Kohde-Kilsch, 7-6 (7-3), 6-2.

Graf def. Mandlikova (withdrew, stomach virus).

Transition

BASEBALL
American League

BOSTON—Purchased Mike Stenhouse, outfielder-first baseman, from Pawtucket of the International League. Outrighted Dave Sax, catcher, to Pawtucket.

NEW YORK—Signed Mark Morris, pitcher, to a minor league contract and assigned him to Oneonta of the New York-Penn League.

TEXAS—Signed Bobby Valentine, manager, Tom Grieve, general manager, and Mike Stone, president, to long-term contract extensions.

National League

HOUSTON—Signed Larry Andersen, relief pitcher. Optioned Jeff Calhoun, relief pitcher, to Tucson of the Pacific Coast League.

FOOTBALL
National Football League

CHICAGO—Signed Sylvester Byrd and Reilly Walton, tight ends; Jeff McKinney and Vernon Williams, running backs; Mark Baker and Steve Jacobson, defensive tackles; Ken Kompezyk, wide receiver; Jeff Miller, quarterback, and Levelle Moore, guard, to free agents contracts.

DENVER—Signed Joey Hackett, tight end, to a free agent contract.

NEW ORLEANS—Signed Greg Starr, linebacker, and Garry Raymond, guard.

PITTSBURGH—Signed Mike Eidson and Mark Pievelich, centers; Clarence Kelly, cornerback; Jeff Williams, punter; Ernest Cole, wide receiver, and Mike Hartmeier, tackle, to free-agent contracts.

SAN FRANCISCO—Announced it has withdrawn a contract offer to Ranjelo Nehemiah, wide receiver, making him a free agent; signed Bubba Paris, tackle, and Ray Wersching, placekicker, to three-year contracts.

ST. LOUIS—Signed Carl Feder, quarterback, to a 1-year contract.

OLYMPICS

USOC—Named John Thompson coach of the 1988 men's basketball team.

COLLEGE

FROSTBURG STATE—Named Oscar Lewis basketball coach.

MISSOURI—Named Dick Tamburo associate athletic director for operations.

STANFORD—Named Dennis Huston assistant basketball coach.

WISCONSIN—Named Jim Hilles interim football coach. Announced that the contract of Edwina Qualls, women's basketball coach, will not be renewed.

CONNECTICUT—Named Jim Calhoun basketball coach.

Soccer

INTERNATIONAL FRIENDLIES
England 3, Mexico 0 (at Los Angeles)
Denmark 1, Poland 0
South Korea 2, Peru 0

Hockey

Stanley Cup Finals

Friday's Result
Game 1

Montreal	1	0	1—2
Calgary	2	0	3—5

Tonelli (6), Paplinski (5), Quinn (8), McDonald (10), Risebrough (7); Nasland (6), Chelios (2). Shots on goal: Montreal (on Vernon) 10-9-5—24; Calgary (on Roy) 13-7-10—30.

Stanley Cup Schedule

(BEST-OF-SEVEN)
Calgary 5, Montreal 2
May 18: Montreal at Calgary
May 20: Calgary at Montreal
May 22: Calgary at Montreal
x-May 24: Montreal at Calgary
x-May 26: Calgary at Montreal
x-May 28: Montreal at Calgary
(x-If Necessary)

Basketball

NBA Playoffs

CONFERENCE FINALS
Friday's Result

L.A. Lakers	38	21	29	18—107
Houston	37	22	30	22—117

Olajuwon 14-28 12-15 40, Lloyd 12-18 2-2 26; Abdul-Jabbar 14-26 5-8 33, Worthy 13-18 3-3 29. Rebounds: Los Angeles 34 (Johnson, Lucas 8), Houston 45 (Olajuwon 12). Assists: Los Angeles 39 (Johnson 20), Houston 29 (Reid 12).

Saturday's Result

Boston	32	21	29	29—111
Milwaukee	35	25	27	20—107

McHale 12-21 5-7 29, Parish 13-21 4-5 28; Cummings 12-25 3-3 27, Moncrief 9-24 4-6 24. Rebounds: Boston 58 (Bird 14), Milwaukee 62 (Cummings 18). Assists: Boston 36 (Bird 13), Milwaukee 22 (Pressey 9).

NBA Playoff Schedule

CONFERENCE FINALS
(Best-of-Seven)
EAST
Boston 128, Milwaukee 96
Boston 122, Milwaukee 111
Boston 111, Milwaukee 107
May 18: Boston at Milwaukee
x-May 21: Milwaukee at Boston
x-May 23: Boston at Milwaukee
x-May 25: Milwaukee at Boston
WEST
Los Angeles Lakers 119, Houston 107
Houston 112, Los Angeles 102
Houston 117, Los Angeles 109
May 18: Los Angeles at Houston
May 21: Houston at Los Angeles
x-May 23: Los Angeles at Houston
x-May 26: Houston at Los Angeles
(x-If Necessary)

Boxing

WORLD AMATEUR CHAMPIONSHIPS
(At Reno, Nevada)

125-POUND (56.7-KILOGRAM) CLASS
Semifinals: Kelcie Banks, U.S., dec. Andreas Zulow, East Germany, 4-1; Jesus Soliet, Cuba, dec. Tomasz Nowak, Poland, 4-1.
Final
Banks dec. Soliet, 4-1.
132 POUNDS
Semifinals: Angel Pedraza, Venezuela, dec. Emmil Tchuprenski, Bulgaria, 3-2; Adolfo Horta, Cuba, dec. Orzubek Nazarov, Soviet Union, 3-2.
Final
Horta dec. Pedraza, 3-2.
147 POUNDS
Semifinals: Kenneth Gould, U.S., dec. Tibor Molnar, Hungary, 5-0; Candelario Duvergel, Cuba, dec. Torsten Schmitz, East Germany, 3-2.
Final
Gould dec. Duvergel, 3-2.
165 POUNDS
Semifinals: Henry Maske, East Germany, dec. Henryk Petrid, Poland, 5-0; Darin Allen, U.S., dec. Julio Quintana, Cuba, 5-0.
Final
Allen dec. Maske, 5-0.
201 POUNDS
Semifinals: Felix Savon, Cuba, def. Svilen Russinov, Bulgaria, RSC-2 (1:58); Arnold van der Linde, Netherlands, dec. Michael Bent, U.S., 4-1.
Final
Savon dec. van der Linde, 5-0.
HEAVYWEIGHT
Semifinals: Teofilo Stevenson, Cuba, dec. Vyacheslav Yakolev, Soviet Union, 4-1; Alex Garcia, U.S., def. Biagio Chianese, Italy, RCSH-2 (2:57).
Final
Stevenson def. Garcia, RSCH-2 (1:56).

Lendl Overpowers Sanchez in 4 Sets

Compiled by Our Staff From Dispatches

ITALIAN OPEN TENNIS

ROME — Ivan Lendl of Czechoslovakia, the world's top-ranked player, overpowered unseeded Emilio Sanchez of Spain, 7-5, 4-6, 6-1, 6-1, here Sunday to win the Italian Open tennis championship.

The 20-year-old Spaniard, who defeated three seeds to reach the final of the clay-court event, proved to be no match for Lendl, 26. After the top-seeded Czechoslovak lost his concentration and let the second set slip away, he went on to win nine straight games and wrap up the title in 2 hours, 50 minutes.

Many here Sunday felt that Saturday's semifinal between Lendl and Frenchman Yannick Noah was the match of the tournament. But Sanchez, a clay-court specialist, then stunned second-seeded Mats Wilander of Sweden to follow up his earlier victories over Boris Becker of West Germany (seeded third) and American Aaron Krickstein (12).

Sanchez's victory over Wilander was highlighted by a burst of attacking tennis when he overcame a 3-2 deficit in the first set to win six straight games.

Lendl rallied from the brink of defeat to eliminate Noah. At 4-5 and 30-40 in the final set, he saved Noah's only match point with a disputed serve that a line judge first called out and then ruled in. Lendl rallied and fought his way to 6-6; in the tie-breaker, he broke Noah's serve on the eighth point before going on to clinch a berth in the final.

On Sunday, Lendl simply outclassed Sanchez, showing off a variety of shotmaking with deftly-placed dropshots and a powerful service that often left Sanchez flat-footed at the baseline.

Lendl recorded 10 aces in the final. He had little trouble winning the first set and began the second by breaking the Spaniard's service. But then the noisy crowd and swirling red dust seemed to get on his nerves.

Sanchez broke Lendl in the eighth game of the set, but that was the end of his dream of upset. In his string of nine straight games, Lendl did not lose more than a point in each.

The winner said he lost the second set because Sanchez took more chances and also because his right knee, troubled by tendinitis, was bothering him.

He also said Sanchez used up too much energy rushing around the court in the heat. "He won the second set on emotion," said Lendl. "It was exciting for him to come back. But three or four sets of running around after backhands in this heat is almost impossible."

The Spaniard, on the other hand, said he was surprised that Lendl hung tough through the latter stages. He said he was counting on Lendl's big serve slowing down. "But instead he started to serve very deep and hard, and that really surpised me," Sanchez said. "In the third and fourth sets, I began getting tired mentally and I was losing a lot of points.

"Lendl has more experience than me," he said. "But if I keep playing like this, I think I can achieve some more good results." *(AP, UPI)*

Reuters-United Press International

Ivan Lendl, a 7-5, 4-6, 6-1, 6-1 victor over Emilio Sanchez.

4-Run Dodger Eighth Deals Mets a Second Straight Defeat, 6-2

Compiled by Our Staff From Dispatches

SATURDAY BASEBALL

LOS ANGELES — Bill Madlock, Mike Marshall and Ken Landreaux got the big hits Saturday night, but it was the little things that set up the Los Angeles Dodgers' 6-2 victory and a second straight defeat of the National League East-leading New York Mets.

With the score tied, 2-2, in the bottom of the eighth inning, Mariano Duncan led off with a bunt single.

"I'm glad that I could finally get on base," said Duncan, who struck out his last four times Friday night and was hitless in three at-bats before he laid down a bunt in front of the plate that became the fourth Dodger hit of this game.

Met catcher Ed Hearn, playing in his first major-league game, got a late start on the ball and his throw to first arrived after Duncan.

"He popped it up and it had a lot of backspin on it," said Hearn, who singled and doubled in his first two at-bats. "I was afraid I would overrun it and I didn't get in a good position to throw. From there on, they executed well and did everything the way they're supposed to."

The Dodgers stayed out of a possible double play when Duncan broke for second as Steve Sax was grounding to shortstop.

Madlock singled home Duncan with the tie-breaking run. Marshall followed with an RBI double, finishing starter Sid Fernandez, and scored when pinch-hitter Landreaux singled. Mike Scioscia's pinch single sent Landreaux to third and Roger McDowell then balked home a run.

"Sax is one of the best in the business," said the Dodger manager, Tommy Lasorda. "He and Bill Russell can hit-and-run with the best of them. It played a great part in our inning."

Giants 12, Phillies 7: In San Francisco, Jose Uribe drove in two runs and scored one during an eight-run fifth that beat Philadelphia.

Braves 2, Cardinals 0: In Atlanta, Bob Horner doubled in two runs with two out in the eighth and Joe Johnson held St. Louis to three hits for eight innings.

Pirates 4, Reds 0: In Cincinnati, Rick Reuschel pitched a five-hitter for Pittsburgh's first complete game this year and Sid Bream went 2-for-3 with an RBI.

Astros 5, Cubs 1: In Houston, Jose Cruz had three hits and three RBI against Chicago to support the eight-hit pitching of Mike Scott and Charlie Kerfeld. Scott struck out nine to raise his league-leading total to 68.

Padres 5, Expos 3: In San Diego, pinch-hitter Tim Flannery's two-run double in the sixth beat Montreal. Kevin McReynolds had three hits, including a home run, to help LaMarr Hoyt earn his first victory since last Sept. 25.

Yankees 11, Mariners 6: In the American League, in New York, Dave Winfield drove in six runs, four with a grand slam during a six-run second inning that helped end a three-game losing streak.

Tigers 10, Angels 4: In Detroit, Lou Whitaker and Larry Herndon hit two-run homers against California.

Blue Jays 11, Indians 5: In Toronto, Jesse Barfield drove in six runs with a three-run homer, a two-run double and a single.

White Sox 7, Royals 6: In Chicago, Greg Walker singled home John Cangelosi from third with two out in the ninth to beat Kansas City and give the White Sox their fourth straight victory.

Red Sox 8, Rangers 2: In Boston, Rey Quinones, called up from the minor leagues earlier in the day, hit two RBI doubles and scored twice against Texas in his major-league debut.

Brewers 4, Twins 1: In Milwaukee, Ben Oglivie hit a two-run double to help beat Minnesota in a game halted by rain after seven innings. Ted Higuera turned in his fourth complete game of the year as the Brewers won their seventh straight home game.

Orioles 8, A's 2: In Baltimore, Eddie Murray drove in four runs with a three-run homer and a sacrifice fly, while Scott McGregor beat Oakland for the eighth straight time. *(UPI, AP)*

Rockets Lead Lakers; Celts 3-Up on Bucks

United Press International

HOUSTON — The Los Angeles Lakers are running out of time.

Houston's Akeem Olajuwon outmuscled 39-year-old Kareem Abdul-Jabbar on Friday night, powering the Rockets to a 117-109 victory and a 2-1 lead in the Western Conference final of the National Basketball Association playoffs.

In Milwaukee, the Boston Celtics moved to within one game of

NBA PLAYOFFS

winning the Eastern Conference title by defeating the Bucks for a 3-0 lead in that best-of-seven series.

"He's a great young player," said the Laker coach, Pat Riley, of Olajuwon, who finished second by one vote to Abdul-Jabbar in balloting for the all-NBA team. "He played an awesome game. Akeem was in every place he had to be at the right time. It was hustle and heart."

Olajuwon scored 23 of his game-high 40 points in the second half and got a game-high 12 rebounds to give Houston its sixth straight playoff triumph at home.

Olajuwon's rebounding helped the Rockets gain a decisive 45-34 edge in that department. Abdul-Jabbar scored 33 points, but had just four rebounds.

"Akeem was on top of his game," said Lakers veteran reserve Maurice Lucas. "He was making all of his shots. He certainly puts a lot of pressure on us."

It certainly does: Los Angeles is the defending NBA champion, and no team in 17 years has been able to repeat as titlist.

Houston's Lewis Lloyd had 26 points and a game-high seven offensive rebounds.

James Worthy had 29 points for Los Angeles and Magic Johnson scored 17. But the Lakers turned over the ball 19 times.

Worthy suffered a cervical strain when he banged his head on Jim Petersen's knee in a collision under the basket late in the third quarter. Worthy remained in the game but went scoreless in the final period. It was uncertain if he would be able to play Sunday.

Celtics 111, Bucks 107: In Milwaukee, center Robert Parish, fed twice by Kevin McHale, scored 10 of his 28 points in the final 10 minutes on Saturday to get Boston to within one game of a conference-final sweep.

The Bucks, who had never led after getting the first basket of the series, took a 7-2 lead in this game, stretched it to 22-12 and then to 54-42. Every time the Celtics made a run, the Bucks had an answer. Until the end.

The Celtics, after trailing by 77-65 in the third quarter, finally went ahead by 94-92, with 7:48 left, on a shot by Larry Bird.

"We were like a fish," McHale said, perhaps inspired by the tie worn by the Milwaukee coach, Don Nelson, which bore the picture of the Wisconsin state fish, the muskie. "They had us hooked, reeled in and beached. But then we flopped around so much, we turned over the boat and were back in the water."

McHale had 29 points; he and Parish both made 12 of 21 shots while seldom straying more than seven feet (2.1 meters) from the basket. Bird had 19, taking only 15 shots, but had 16 rebounds and 13 assists.

As a team, the Celtics were credited with assists on 30 of their 41 baskets.

"They put on a passing clinic," Nelson said. "We gave it our best," he said. "We played this game like it was the seventh game and I don't know that we can play any better than we played for most of the game."

Terry Cummings led Milwaukee with 27 points — 17 in the second half — and Sidney Moncrief had 24.

The Associated Press

Kareem Abdul-Jabbar (here thwarting Rodney McCray) had only four rebounds as Los Angeles lost to Houston, 117-109.

LANGUAGE

Recuse: A Rescue Mission

By William Safire

WASHINGTON — A news clerk pokes his head in my office to call out: "Ed Meese has *recused* himself!" Sure enough, the transcript from the Justice Department has the attorney general saying: "Because of my long association with Mr. Deaver that goes back almost 20 years to California, I have determined to recuse myself in any proceedings in this matter."

Go try to find *recuse oneself* in a dictionary. Merriam-Webster's Ninth New Collegiate has a related noun, *recusancy*, "refusal to accept or obey established authority"; in Webster's New World, the verb *recuse* is labeled "[rare]" and defined as "to challenge as prejudiced or otherwise incompetent to act," similar to the definition in the Random House College and World Book dictionaries.

But it is no longer rare; and in current usage, the term is usually used reflexively: to *recuse yourself* means "to disqualify yourself," usually because of an apparent conflict of interest or perception of bias. Today's *recusants* are not Roman Catholics who refused to attend Church of England services between 1570 and 1791 (precursors to Russia's *refuseniks*) but are judges and prosecutors taking themselves out of the line of fire from plaintiffs and observers who think they may be less than disinterested.

"It is the court's duty to recuse itself," said an IBM attorney to a glowering judge in 1979. "Attorney General Benjamin R. Civiletti had to recuse himself . . ." wrote a Washington Post reporter in 1980, and another Post reporter wrote a year later, "During his Senate confirmation hearing, [James] Watt promised to 'recuse' himself from decisions that might affect companies . . . in which his foundation had been involved."

Newscasters and newswriters hate to use the word. The New York Times headline writer on the story reporting the Meese recusal preferred "removes himself"; The Washington Post chose "disqualifies self"; The Wall Street Journal used "withdraw from 'any dealings.'"

One reason *recuse* is so often refused is that it is easily confused with *refuse*, to which it is etymologically similar: In Latin, both *recusare* and *refundere* mean "to refuse," as in "to pour back." The *recusal-refusal* confusion is not the only problem: *Recuse* is also mistaken for *excuse* (after recusing himself from the case, the prosecutor excused himself and went to the bathroom; he was a man who refused himself nothing).

That's not the worst confusion. Between the time *recuse* enters a typewriter and the time the word comes out in a newspaper, it more often than not gets changed to *rescue*. Somebody is always trying to fix it. During the Carter era, in an investigation of White House shenanigans, Attorney General Griffin B. Bell brandished a clipping of a column I had written and told a Cabinet meeting: "It says here I *rescued* myself, and come to think of it, that's exactly what I did."

In current usage, then, *to recuse* means "to remove oneself from a position of judgment to avoid the fact or appearance of bias or personal interest." It has a more legal connotation than *disqualify*, is more pointed than *excuse* and contains a reason that is not available in *remove* or *withdraw*. Use it; stick it in your dictionary, but expect a typo.

LIBYA, I am prepared to say now, should be three syllables. It is not analogous to *love-yuh*. "LIB-ee-uh" it is, with the final syllable a schwa, the most nebbish sound in the language.

In that regard, I received this telex message from Burt Weeks of Syracuse University: "Pls use yr consid influence to advise tv netwks that Tokyo has only two syllables instead of Tok-ee-o."

I remember that zippy language from the ads in the subway for a speedwriting institute (cn u read ths?) on my way up to the Bronx High School of Science. My reply: Tokyo is three syllables in NBC Handbk of Pnunciashun so stik consid influence in yr ear.

The "y" in both Libya and Tokyo is pronounced as "ee." Perhaps this is not exactly as the words are pronounced locally — and deference should always be paid to residents, because they have a right to their name — but the English-speaking world has adopted the three-syllable usage, and that's the way it is.

New York Times Service

Scala's Challenge for Patricia Neary

By Kate Singleton

MILAN — Patricia Neary loves problems. She calls them challenges, and says they are what makes a situation interesting for her. By this token she should find life in Milan very interesting indeed, for she was recently appointed ballet director at La Scala, and that august institution has gone through a fair number of ballet directors in the last decade.

Certainly Neary, 43, is no lamb being led to the slaughter. But did she actually know what she was taking on?

"Well, I didn't really, no. Of course, La Scala, it's a great name. I knew there were lots of dancers. I simply had no idea they worked as much as they do, or put on as many performances. I thought it was all glamour. Instead, the hours are agreeably hard and the whole thing's quite exciting."

This "quite exciting" existence entails getting into the theater at about 9:30 A.M. and working until 9.30 P.M. at night if there is no evening performance or midnight if there is. There is no time for lunch, Neary said — but she poured a can of apple juice into a glass and mixed it with a special multivitamin and protein powder, saying, "I've always felt better being thin. I diet, you know." She pointed at the beaker of murky liquid. "This is my lunch. And in the morning I take other vitamins and potassium and calcium and kelp. In the evening, more again, and a proper meal. A plate of pasta and a salad. It's very healthy."

Before coming to Milan, the Miami-born Neary had worked in Switzerland for 12 years, first as director of the ballet in Geneva, then as director of the Zurich ballet. After years of Swiss order, how is she coping with what many outsiders would call Italian chaos? "I'm adapting all right. Of course I have a language problem. Very few people in the company speak English. And I've just been given an English-speaking secretary. As it is, I have to share her.

"But the real problem is that things seem very muddled to begin with because the place is so enormous. When I first went to Zurich there were 42 dancers in the company. Then there were cutbacks and I was left with 18. Here at La Scala there are 84 dancers, some of them on permanent contracts and some on seasonal ones. Now, with a company of this size, I teach occasional classes, I assist at rehearsals and I overlook all the company productions. We've already done 50 performances in the five months I've been here. We did that amount in a year in Zurich.

"Then I also have to handle the individual problems of the dancers, if they have any — I believe a director also has to be a bit of a psychologist — to say nothing of assisting guest artists and choreographers. They often feel lost and abandoned in a place the size of this. It doesn't give the theater a very good name. I've persuaded some to come back who said they never would. If necessary I'll go out to the airport to meet them, and make sure there's some expense money waiting for them.

"Of course, I have a staff. But I think it's important that the dancers here know that they have a working director with them one hundred percent. That's the type of director I am."

Since coming to Milan, Neary said, she has had to learn a lot about labor unions, and to learn that negotiations mean discussing with a view to coming to an agreement rather than to winning straight out. She said she believed this had been good for her: She has always had a terrible temper, she said, and now she is having to control it. She said she was learning to work toward compromise.

"Here you can negotiate, whereas I'm sorry to say that many young American dancers refuse to negotiate," Neary said. "Their attitude is: If you don't like it, I'll go elsewhere. O. K., go, that's what I say. This is really a sort of lack of respect. Mind you, as a woman, if you start directing young — I was only 31 — you're likely to have problems with male dancers who are older. There are always a few who need to prove their masculinity."

She said she found that, on the whole, Italian men (the company is almost entirely Italian) liked to have their say on things. She believes they are more outgoing and aggressive than other men but at the same time more susceptible to humor.

In the dance world, Neary is seen as one of Europe's foremost authorities on George Balanchine, with whom she worked closely as a dancer and director for 23 years. In Milan, however, she is determined not to make the mistake she feels she made in Zurich: giving the company and the public more Balanchine than they could handle. Her plan for La Scala is a mixed but balanced menu (the gastronomic metaphor is hers) that will include one Balanchine ballet a year along with works by choreographers such as László Seregi, Glen Tetley, John Cranko, Jiří Kylián and Roland Petit. The company tours North American from June 21 to July 21, with stops in Ottawa, Atlanta, St. Louis and San Francisco.

Neary said the Scala dancers were good and would get better. As for herself, she's counting her blessings. "They're quite a few at the moment," she said. "In December I had no job. It didn't seem the future had much in store for me." After seven years at Zurich, her contract was not renewed. "I came here to set up a ballet, and in two weeks they'd offered me the directorship.

"I really believe in a sort of inner energy and happiness. If you're feeling good, things go well around you. I'm not pushing myself as a choreographer at the moment. I haven't the time to think or have inspiration. But I do feel that all this experience is preparing me for something even bigger."

Kate Singleton is a Milan-based journalist who writes frequently on cultural affairs.

Lalli & Maselli

Neary at La Scala: "A working director."

POSTCARD

'The Tie That Binds'

By Nadine Epstein
New York Times Service

OAK PARK, Illinois — In the spring of 1906 the Hemingway family stood before the hearth in the living room of their new home in Oak Park for a dedication ceremony. While 7-year-old Ernest looked on, his father placed a tin box containing family mementos in a cornerstone and a mason slapped concrete over it. Mrs. Hemingway sang "Blessed Be the Tie That Binds" as the boy placed wood in the fireplace for the first fire.

Eighty years later, a band of 40 Hemingway admirers, led by Charles Scribner Jr., Hemingway's publisher and chairman of The Scribner Book Companies Inc., gathered in the house to re-enact the ceremony. "It is a thrill to be in this house," Scribner said. "It is a factory of the literary mind in so much as Hemingway's talent was nurtured here."

Hemingway lived in the house at 600 North Kenilworth, just down the street from Frank Lloyd Wright's home, until he left Oak Park to work as a reporter at the Kansas City Star at the age of 17. He spent the greater part of his childhood in this house, racing with his three sisters and brother to the school down the block.

It is a simple house — basic Prairie School style designed by a local architect, Henry George Fiedelke, with the help of Hemingway's mother, Grace Hall Hemingway. Outside, it had gray stucco, white trim and a covered porch, much as it has today. Inside, there were eight bedrooms, and an office and waiting room for Dr. Clarence Hemingway.

The heart of the house was Mrs. Hemingway's huge music room. It was where she practiced her scales and painted. It was also where Ernest and his friends played ball on rainy days.

Today the house, converted into three apartments, is inhabited by Eileen Burns and her two tenants. The rose leaded glass, the family emblem and Mrs. Hemingway's dining room murals have vanished. Even the music room, once a giant appendage hanging off the north side of the house, is gone. The mementos, too, are gone; they are believed to have been taken by Mrs. Hemingway when she moved out of the house.

Oak Park residents once did their best to forget Hemingway, whose novels had offended their small-town values. But the town has changed. It is now a suburb on the edge of Chicago. The young families and professionals that live in the old, gracious homes on tree-lined streets want to remember Hemingway. "There are still a few folks left from the older generation who dislike his work," said Carol Kelm, curator of the Historical Society of Oak Park-River Forest, "but most people now are proud to have him as a native son. Fortunately, he was never as controversial as Frank Lloyd Wright, who ran off with his client's wife."

History-conscious residents have formed the Ernest Hemingway Foundation of Oak Park, which sponsored the rededication ceremony and hopes to buy the house to make it into a Hemingway museum and cultural center.

The Hemingway house has a checkered history. According to Kelm, in 1935 the widowed Mrs. Hemingway moved out, selling the house to Lloyd W. Golder. At that point it became a rooming house; the 1941 telephone directory lists 15 people living there.

"My husband and I bought the house in 1954," said Burns, 81. Burns, who still commutes to her job as an accountant in Chicago. Now a widow, she lives on the second floor and uses the old master bedroom as her living room. The Burnses did not realize that they were buying a house that would become a tourist attraction.

"People just walk up and stare in the window every day," said Kathy Fitzgerald, a special education supervisor in a local school system. She has lived for eight years in the roomy first-floor apartment, for which she pays $625 a month. Her bedroom is Dr. Hemingway's old waiting room.

"We find some of this veneration very puzzling," said John Rockford, a banker at Northern Trust in Chicago, who has occupied the sloped-roof third-floor apartment for seven years. "Some people come up to our doors just to touch the knob and such." Rockford pays $375 a month for the honor of sleeping in Ernest Hemingway's bedroom, but it has not changed his life. "I haven't felt the urge to write the great American novel yet," he said.

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